public
accounts
1999-00

volume 4 — the financial statements of funds, organizations, agencies and enterprises included in the government reporting entity

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Manitoba
Finance

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for the year ended March 31, 2000

VOLUME 4

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INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with the Financial Administration Act, which is Chapter F55 of the Continuing Consolidation of the Statues of Manitoba. The Public Accounts for the fiscal year ended March 31, 2000 consist of four volumes:

Volume 1
- Contains the audited Summary Financial Statements of the government. These statements reflect the consolidation of the financial operations of the Government Reporting Entity.
- Contains the audited Financial Statements of the Operating Fund and Special Funds of the government.

Volume 2
- Contains the audited Schedule of Public Sector Compensation Payments of $50,000 or More.
- Contains details of unaudited payments in excess of $5,000 to corporations, firms, individuals, other governments and government agencies.

Volume 3
- Contains the details of the Operating Fund Financial Statements.
- Contains the details of the Operating Fund borrowings and guarantees.
- Contains the details of the Operating Fund revenue and expenditure.
- Contains information provided under Statutory Requirement.
- Contains information concerning certain Operating Fund financial indicators.
- Contains glossary information.

These statements are all unaudited with the exception of the following:
- The Report of Amounts Paid to Members of the Assembly; and
- The Northern Affairs Fund

Volume 4
- Contains the audited financial statements of funds, organizations, agencies and enterprises included in the Government Reporting Entity.

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SPECIAL FUNDS

THE ABANDONMENT FUND RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	131,405	106,203
RECEIPTS:		
Royalties	26,050	22,000
Other Recoveries	30,419	
Interest	3,414	3,302
	59,883	25,302
DISBURSEMENTS:		
Rehabilitation payments	53,089	100
Balance, end of year	138,199	131,405

THE FARM MACHINERY AND EQUIPMENT ACT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	469,286	449,336
RECEIPTS:		
Premiums	-	19,950
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	469,286	469,286

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Debt Retirement Fund as at March 31, 2000 and the statement of revenue and expenditure and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
September 27, 2000

Jon W. Singleton, CA
Provincial Auditor

DEBT RETIREMENT FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2000

	2000	1999
	$	$
ASSETS		
Funds on Deposit with the Minister of Finance	-	230,071,420
FUND BALANCE		
Fund Balance	-	230,071,420

DEBT RETIREMENT FUND
STATEMENT OF REVENUE AND EXPENDITURE AND FUND BALANCE

For the Year Ended March 31, 2000

	2000	1999
	$	$
REVENUE		
Interest Earnings	31,517	3,762,564
Transfer from the Operating Fund (Note 2)	75,000,000	150,000,000
	75,031,517	153,762,564
EXPENDITURE		
Transfer to the Operating Fund for Debt Retirement (Note 3)	305,102,937	-
Fund Balance, beginning of year	230,071,420	76,308,856
Fund Balance, end of year	-	230,071,420

DEBT RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

1. Incorporation and Function

The Debt Retirement Fund was established under the authority of the Balanced Budget, Debt Repayment and Taxpayer Protection Act, which received Royal Assent on November 3, 1995. The purpose of the Fund is to assist in the orderly repayment of debt pursuant with sections 8(4) and 8(6) of the Act. Any earnings from investments of the Debt Retirement Fund are credited to the Fund. Transfers to the Operating Fund can only be made in accordance with the provisions of the Act.

2. Transfer from the Operating Fund

Under section 8(4) of The Balanced Budget, Debt Repayment and Taxpayer Protection Act, the Minister of Finance is required to deposit annually in the Fund, a minimum of $75 million from the Operating Fund or such greater amount as determined by the Act. The Minister of Finance may also, with the approval of the Lieutenant Governor in Council, deposit in the Fund any part of the revenue received in the Operating Fund in any fiscal year.

3. Transfer to the Operating Fund

Under section 8(6) of The Balanced Budget, Debt Repayment and Taxpayer Protection Act, the Minister of Finance, with the approval of the Lieutenant Governor in Council, may transfer all or any amounts standing to the credit of the Fund to the Operating Fund for the purpose of reducing the general purpose debt of the Province.

4. Subsequent Event

On August 18, 2000, the Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act was passed amending The Balanced Budget, Debt Repayment and Taxpayer Protection Act, with related amendments to The Fiscal Stabilization Fund Act and The Financial Administration Act. The Bill changes the name of the Act to The Balanced Budget, Debt Repayment and Taxpayer Accountability Act. This Act is deemed to have come into force on April 1, 2000 and applies to fiscal years commencing after March 31, 2000. Major changes ensure that transfers to and from The Debt Retirement Fund are not recorded as expenditure or revenue but as transfers and broaden the scope of debt repayment to include the pension liability of the government.

Elk Management Fund

Balance Sheet

As at March 31, 2000
(with 1999 figures for comparison)

		2000	1999
Assets			
	Funds on deposit with the Province	766	59,634
	Inventory – (Note 1, 3)	599,246	191,453
		600,012	251,087
Liabilities and Fund Balance			
	Accumulated Fund Balance – (Note 2, 3)	232,524	250,487
	Loan Advance from the Province (Note 4)	261,288	—
	Accounts Payable (Note 5)	106,200	600
		600,012	251,087

Statement of Revenue and Expenditures

For the Year Ended March 31, 2000
(with 1999 figures for comparison)

		2000	1999
Revenue (Note 3)			
	Antler Velvet	—	5,130
	Elk Manuals	—	2,650
	Sale of Elk	—	99,400
	Miscellaneous	—	3,893
	License Fees	2,700	7,100
	Course Registration	—	1,800
		2,700	119,973
Expenditures (Note 1)			
	Holding	—	37,053
	Capture	—	49,816
	Feed	—	796
	Administration	16,123	19,701
	Interest	4,540	—
	Testing	—	7,553
	Veterinary	—	6,555
		20,663	121,474
Excess of Revenue over Expenditures (Deficit)		(17,963)	(1,501)

Notes to Financial Statements
For the Year Ended March 31, 2000

1. **Significant Accounting Policies**
   - (a) The financial statements of the fund are prepared using the accrual basis of accounting.
   - (b) Expenditures related to the capture and holding of elk is capitalized as inventory and will be expensed when the corresponding revenue, from of the dispersal of the captured elk, is recognized.
   - (c) Captured elk in holding facilities as at March 31, 2000 remain assets of the Crown and therefore have not been included in the value of the inventory.

2. **Nature of Fund**

The Elk Management Fund was established under the authority of the Livestock Industry Diversification Act and the Elk Game Production Regulation. The Minister established a management fund for the purpose of funding:

- (a) Programs for the protection and enhancement of elk and their habitat.
- (b) The capture of elk from the wild, and their maintenance and disposition.
- (c) Elk research programs and demonstration projects.
- (d) Costs associated with administering the Act.

3. **Sale of Elk**

Due to an extended testing period mandated by the Canadian Food Inspection Agency, the elk could not be sold in 1999. Testing is expected to be complete by the Fall of 2000. There were no elk captured in 2000.

4. **Loan Advance Province of Manitoba**

Interest is charged at prime plus two per cent per annum. Repayment of the advances is due to the Province of Manitoba upon the sale of elk.

5. **Accounts Payable**

This liability is the result of an adjustment for a past error in not recognizing contractual agreements with private landowners whose lands were accessed for the capture of elk.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Fiscal Stabilization Fund as at March 31, 2000 and the statement of revenue and expenditure and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
September 27, 2000

Jon W. Singleton, CA
Provincial Auditor

FISCAL STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2000

	2000 $	1999 $
ASSETS		
Funds on Deposit with the Minister of Finance	264,790,411	298,227,821
Investments held by the Minister of Finance	-	123,446,160
Interest Receivable	-	5,637,045
	264,790,411	427,311,026
FUND BALANCE		
Fund Balance	264,790,411	427,311,026

FISCAL STABILIZATION FUND
STATEMENT OF REVENUE AND EXPENDITURE AND FUND BALANCE

For the Year Ended March 31, 2000

	2000 $	1999 $
REVENUE		
Investments	11,312,862	16,880,955
Transfer from the Operating Fund (Note 2)	10,868,523	31,129,886
	22,181,385	48,010,841
EXPENDITURE		
Transfer to the Operating Fund (Note 3)	184,702,000	185,702,507
	(162,520,615)	(137,691,666)
Fund Balance, beginning of year	427,311,026	565,002,692
Fund Balance, end of year	264,790,411	427,311,026

FISCAL STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

1. Incorporation and Function

The Fiscal Stabilization Fund was established at March 31, 1989, under the authority of The Fiscal Stabilization Fund Act, which received Royal Assent on December 13, 1989. The legislated purpose of the Fund is to assist in stabilizing the fiscal position of the government from year to year and to improve long-term fiscal planning. Under the provisions of the Act, the government may deposit in the Fund any part of the revenue or other financial assets received in the Operating Fund in any fiscal year and shall credit to the Stabilization Fund any earnings from investment of the Stabilization Fund. All or part of the fund balance can be transferred to the Operating Fund in accordance with the provisions of the Act.

2. Transfer from the Operating Fund

The Balance Budget, Debt Repayment and Taxpayer Protection Act and The Fiscal Stabilization Fund Act require any Operating Fund surplus to be transferred to the Fund until its target level is reached. The Minister of Finance has the authority to transfer additional surpluses to the Fund as he considers appropriate. The target level for the Fiscal Stabilization Fund is a minimum of 5% of the expenditure of the Operating Fund or approximately $322 million, based on 1999-2000 expenditures. As reported in the Public Accounts of the Province of Manitoba for 1999-2000, the Operating Fund had a surplus of $10,868,523 which was transferred to the Fiscal Stabilization Fund.

3. Transfer to the Operating Fund

Under section 4 of The Fiscal Stabilization Fund Act, the Minister of Finance, with the approval of the Lieutenant Governor in Council, may transfer once in each fiscal year all or any amounts standing to the credit of the Fund to the Operating Fund to assist in stabilizing the fiscal position of the government.

4. Subsequent Event

On August 18, 2000, the Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act was passed amending The Balanced Budget, Debt Repayment and Taxpayer Protection Act, with related amendments to The Fiscal Stabilization Fund Act and The Financial Administration Act. The Bill changes the name of the Act to The Balanced Budget, Debt Repayment and Taxpayer Accountability Act. This Act is deemed to have come into force on April 1, 2000 and applies to fiscal years commencing after March 31, 2000. One of the major changes ensures that transfers to and from The Fiscal Stabilization Fund are not recorded as expenditure or revenue but as transfers.

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	191,734	125,000
RECEIPTS:		
Fees	42,606	66,734
Balance, end of year	234,340	191,734

MANITOBA LAW REFORM COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	42,845	33,810
RECEIPTS:		
Department of Justice	50,000	56,000
Department of Health	-	41,500
Other Government departments	-	24,000
Manitoba Law Foundation	30,000	15,000
	80,000	136,500
DISBURSEMENTS:		
Operating expenses	119,350	127,465
Balance, end of year	3,495	42,845

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	19,117,997	19,332,702
RECEIPTS:		
Transfer of Mining Tax Revenues	198,060	80,782
Interest received during the year	918,640	942,880
	1,116,700	1,023,662
DISBURSEMENTS:		
Community of Bissett	-	10,541
Hudson Bay Mining and Smelting Co. Ltd.	-	128,903
Local Government District of Lynn Lake	51,984	148,571
Manitoba Prospectors Assistance Program	87,079	115,776
Norman Development Region	11,413	-
Water Quality Monitoring and Engineering Review Programs	-	13,144
Transfer to General Revenue	771,110	821,432
	921,586	1,238,367
Balance, end of year	19,313,111	19,117,997

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	5,639,598	5,356,813
RECEIPTS:		
Royalties	1,680,545	1,663,394
Interest	178,304	432,619
	1,858,849	2,096,013
DISBURSEMENTS:		
Rehabilitation payments	2,151,882	1,813,228
Balance, end of year	5,346,565	5,639,598

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	2,435	170
RECEIPTS:		
Department of Agriculture - Veterinary Services Branch	7,800	7,800
Repayment of bursaries	15,170	11,365
	22,970	19,165
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	16,800	16,900
Balance, end of year	8,605	2,435

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2000
(with comparative figures for the year ended March 31, 1999)

	2000 $	1999 $
Balance, beginning of year	374,893	60,847
RECEIPTS:		
Surcharge on Provincial Fines	1,230,092	832,948
Interest	26,783	3,141
Miscellaneous	197,208	-
	1,454,083	836,089
DISBURSEMENTS:		
Operating expenses	923,032	522,043
Balance, end of year	905,944	374,893

CROWN ORGANIZATIONS

PRICEWATERHOUSECOOPERS

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May 26, 2000

Auditors' Report

To the Board of Governors of
Addictions Foundation of Manitoba

We have audited the balance sheet of **Addictions Foundation of Manitoba** as at March 31, 2000 and the statements of revenue and expenditures, changes in net assets, and cash receipts and cash disbursements for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Addictions Foundation of Manitoba

(incorporated under the laws of Manitoba)

Balance Sheet

As at March 31, 2000

	2000 $	1999 $
Assets		
Cash	1,125,657	1,594,744
Accounts receivable	193,623	111,613
Prepaid insurance	7,928	7,398
Capital assets (note 3)	3,157,790	2,657,351
Province of Manitoba vacation pay receivable (note 4)	667,567	667,567
Province of Manitoba severance pay receivable (note 5)	1,153,316	1,153,316
Province of Manitoba long-term pension funding commitments (note 6)	8,825,248	-
	15,131,129	6,191,989
Liabilities		
Accounts payable and accrued liabilities	516,490	681,912
Accrued vacation pay (note 4)	726,869	684,288
Accrued severance pay (note 5)	1,104,451	1,141,520
Deferred contributions (note 7)	35,485	-
Provision for employee pension benefits (note 6)	8,825,248	-
	11,208,543	2,507,720
Net Assets		
Net assets invested in capital assets	3,157,790	2,657,351
Net assets internally restricted (note 8)	644,800	1,210,900
Unrestricted net assets	119,996	(183,982)
	3,922,586	3,684,269
	15,131,129	6,191,989

Approved by the Board of Directors

W. G. Perry Chairman

Treasurer

Addictions Foundation of Manitoba

Statement of Revenue and Expenditures

For the year ended March 31, 2000

	2000 $	1999 $
Revenue		
Government of the Province of Manitoba operating grant	10,367,800	9,662,800
Government of the Province of Manitoba long-term pension revenue (note 6)	762,610	-
Other revenue		
Impaired Drivers Program fees	643,885	717,545
Manitoba Lotteries Corporation Funding	1,652,100	1,576,704
School Support Program	72,050	-
Recovery of wages, medical and treatment services and travel expenditures	523,765	407,017
Training course fees	101,530	91,659
Donations	15,808	115,372
Interest	96,509	92,202
Property rental	33,671	29,956
Manitoba Health capital funding	102,549	-
Parking rentals	19,142	18,002
Manitoba Government Employees' Union	6,183	11,770
Miscellaneous	3,526	8,526
Problem Gambling Services Conference	26,515	19,535
Youth Residential Programs	212,100	-
	14,639,743	12,751,088
Expenditures (Schedule)	14,401,426	12,118,362
Excess of revenue over expenditures	238,317	632,726

Addictions Foundation of Manitoba

Schedule of Expenditures
For the year ended March 31, 2000

	2000 $	1999 $
Salaries	8,565,428	7,505,791
Wages	693,719	630,980
Advertising and exhibits	75,956	82,659
Amortization	148,557	136,412
Audio-visual aids	15,380	21,906
Audit	8,000	7,535
Board of Governors' honorarium	17,980	13,382
Books, newspapers and periodicals	38,287	34,086
Courier and freight	18,208	20,867
Educational literature	109,029	111,270
Employee benefits	783,715	705,469
Fees	372,452	300,589
Food supplies	245,579	228,885
Health and post secondary education tax levy	196,141	181,726
Household supplies	69,522	54,212
Materials, repairs and maintenance	427,383	276,189
Medical services and supplies	207,857	216,095
Miscellaneous	12,209	5,528
Pension (note 6)	1,088,268	385,363
Postage and telephone	245,123	227,586
Printing, stationery and office supplies	203,579	184,324
Rent, insurance and property taxes	270,546	202,392
Staff development	42,831	42,762
Training	9,828	35,785
Transportation of patients	13,744	9,976
Travel and automobile	348,604	319,376
Utilities	173,501	177,217
	14,401,426	12,118,362

Addictions Foundation of Manitoba

Statement of Changes in Net Assets

For the year ended March 31, 2000

	2000				1999
	Invested in capital assets **$**	**Internally restricted** **$**	**Unrestricted** **$**	**Total** **$**	**Total** **$**
Balance – Beginning of year	2,657,351	1,210,900	(183,982)	3,684,269	3,051,543
Excess (deficiency) of revenue over expenditures	(148,557)	-	386,874	238,317	632,726
Investment in capital assets	648,996	-	(648,996)	-	-
Internally imposed restrictions (note 8)	-	(566,100)	566,100	-	-
Balance – End of year	3,157,790	644,800	119,996	3,922,586	3,684,269

Addictions Foundation of Manitoba

Statement of Cash Receipts and Cash Disbursements

For the year ended March 31, 2000

	2000 $	1999 $
Cash provided by (used in)		
Operating activities		
Cash receipts from the Government of the Province of Manitoba	10,367,800	9,662,800
Other cash receipts	3,427,323	3,116,206
Cash paid to employees and suppliers	(13,625,840)	(11,950,098)
	169,283	828,908
Investing activities		
Purchase of capital assets	(638,370)	(120,371)
Excess (deficiency) of cash receipts over cash disbursements	(469,087)	708,537
Cash – Beginning of year	1,594,744	886,207
Cash – End of year	1,125,657	1,594,744

1 Nature of the Foundation

The Foundation is incorporated under the Addictions Foundation of Manitoba Act. The Foundation is the provincial authority responsible for providing prevention, education and treatment programs related to addictions to individuals and communities; for conducting research into the negative effects of addictions; and in so doing, for promoting the health and well-being of Manitobans. The Foundation is a registered charity within the meaning of the Income Tax Act.

2 Significant accounting policies

a) Government of the Province of Manitoba accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles except as specified by the Government of the Province of Manitoba in the following area:

Pension Costs

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Foundation contributes 50% of the pension disbursements made to retired employees. Pension costs for the year are pension disbursements made to retired employees as incurred as well as the increase in unfunded pension liabilities during the fiscal year.

The pension liability is determined actuarially every three years with the balances for the intervening years being determined by formulas provided by the actuary. The most recent valuation was completed as at December 31, 1998.

Funding from the Province of Manitoba includes the Foundation's share of provisions recorded for unfunded pension liabilities.

b) Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at their fair value at the date of contribution. Amortization is provided at the following annual rates:

Buildings	5% declining
Computer equipment	30% declining
Furniture and equipment	20% declining
Leasehold improvements	5% declining

c) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Net assets internally restricted

Net assets internally restricted represent commitments for future expenditures on projects and capital expenditures approved in the current year. At the time the commitments are settled, expenditures are recorded in the balance sheet or statement of revenue and expenditures as appropriate and the restrictions are reversed.

3 Capital assets

	2000		1999	
	Cost **$**	**Accumulated amortization** **$**	**Cost** **$**	**Accumulated amortization** **$**
Land	535,065	-	535,065	-
Buildings	3,867,430	2,009,414	3,867,430	1,911,634
Computer equipment	190,791	110,288	147,690	92,718
Furniture and equipment	121,671	38,870	46,208	25,683
Leasehold improvements	621,425	20,020	90,993	-
	5,336,382	2,178,592	4,687,386	2,030,035
Net book value		3,157,790		2,657,351

4 Province of Manitoba vacation pay receivable

The Foundation was instructed by the Province of Manitoba to record a receivable from the Province and accrue vacation pay liability as at March 31, 1995 for the amount of $667,567. Any subsequent variances in the vacation pay liability are recorded in the statement of revenue and expenditures as the receivable from the Province will remain fixed.

5 Province of Manitoba severance pay receivable

The Foundation is obligated to pay its employees severance pay upon their retirement. The amount to be paid is based on several factors such as salary and years of service.

The Foundation was instructed by the Province of Manitoba to record a receivable from the Province and accrue severance pay liability as at April 1, 1998 for the amount of $1,153,316. Any subsequent variances in the severance pay liability are recorded in the statement of revenue and expenditures as the receivable from the Province will remain fixed.

6 Province of Manitoba long-term pension funding commitments

The Foundation was instructed by the Province of Manitoba to record a receivable from the Province and accrue a provision for pension costs as at April 1, 1999 for the amount of $8,062,638. During the year, the increase in the pension receivable and pension provision of $762,610 was recorded to The Government of the Province of Manitoba long-term pension funding and the offset as part of pension expense.

7 Deferred contributions

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. Changes in deferred contribution balance are as follows:

	2000 $	1999 $
Balance – beginning of year	-	18,550
Less: Amount recognized as revenue in the year	-	(18,550)
Add: Amount received related to the following year	35,485	-
Balance – end of year	35,485	-

8 Net assets internally restricted

	2000 $	1999 $
Balance – beginning of year	1,210,900	480,800
Operations		
Internal restrictions applied in current year	(1,210,900)	(480,800)
Internal restrictions for future years	644,800	1,210,900
	(566,100)	730,100
Balance – end of year	644,800	1,210,900

Restrictions have been made for the following:

	2000 $	1999 $
Youth Residential Program – Capital Fund	-	494,700
Youth Residential Program – Stabilization Fund	200,000	396,200
Ontario Health Referrals potential cancellation	325,000	320,000
Information Technology Plan	71,300	-
Rural and Northern Youth Intervention	32,700	-
Pathways to a Healthier Workplace Conference	15,800	-
	644,800	1,210,900

9 Commitments

Leases

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2001 and 2013. Some of these leases contain renewal options at rates to be negotiated. The following is a schedule by years of future minimum rental repayments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2000:

	$
2001	154,961
2002	124,181
2003	82,279
2004	70,852
2005 - 2013	293,224
	725,497

10 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

MEYERS NORRIS PENNY

To the Members of the Board
Assiniboine Community College

AUDITORS' REPORT

We have audited the statement of financial position as at June 30, 1999 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 1999 and the results of its operations and the changes in net assets for the year then ended in accordance with generally accepted accounting principles.

Meyers Norris Penny

September 10, 1999

Chartered Accountants

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 1999
(In thousand $)

	1999	1998
ASSETS		
CURRENT		
Cash and short term investments (note 4)	1,694	45
Accounts receivable (note 5)	600	678
Due from Province of Manitoba (note 6)	2,490	1,386
Inventories (note 7)	230	229
Prepaids	615	359
	5,629	2,697
CAPITAL ASSETS (note8)		
Land, buildings and equipment	2,907	2,944
Library holdings	959	958
	3,866	3,902
	9,495	6,599
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities (note 9)	3,404	2,006
Deferred revenue (note 10)	876	245
	4,280	2,251
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 11)	1,842	1,803
NET ASSETS		
Net assets invested in capital assets	2,629	2,107
Net assets internally restricted (note 12)	600	0
Unrestricted net assets	144	438
	3,373	2,545
	9,495	6,599

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1999
(In thousand $)

	1999	1998
REVENUES		
Academic training fees	2,865	2,472
Grants	11,354	10,867
Market driven training	1,694	1,416
Continuing education	889	878
Ancillary Services (Bookstore)	744	784
Other revenue	260	278
Amortization of deferred contributions	606	-
	18,412	16,695
EXPENDITURES		
Academic	10,201	9,604
Administration	3,405	3,269
Program support	665	660
Plant	1,043	1,042
Management information services	477	433
Library	240	254
Ancillary Services	583	682
Scholarship and bursaries	-	66
Amortization of capital assets	970	868
	17,584	16,878
EXCESS / (DEFICIENCY) OF REVENUE OVER EXPENDITURES	828	(183)

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1999
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	1999 TOTAL	1998 TOTAL
Balance - beginning of year (as previously reported)	3,902	-	(268)	3,634	3,817
Change in accounting policy	(1,795)	-	706	(1,089)	-
As restated	2,107	-	438	2,545	-
Excess (deficiency) of revenue over expenditures	(364)	-	1,192	828	(183)
Change in internally restricted net assets	-	600	(600)	-	-
Investment in capital assets	886	-	(886)	-	-
Balance - end of year	2,629	600	144	3,373	3,634

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999
(In thousand $)

	1999	1998
Cash from operating activities		
Excess of revenues over expenditures	828	(183)
Amortization of capital assets	970	868
Amortization of deferred capital contributions	(606)	-
Loss (gain) on disposal of capital assets	-	74
Change in non-cash working capital items	745	(323)
Net cash generated through operating activities	1,937	436
Financing and investing activities		
Purchase of capital assets	(886)	(1,045)
Contributions received for capital purposes	598	-
Net cash used in financing and investing activities	(288)	(1,045)
Net increase in cash and short term investments	1,649	(609)
Cash and short term investments, beginning of year	45	654
Cash and short term investments, end of year	1,694	45

ASSINIBOINE COMMUNITY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999
(in thousand $)

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1. OPERATIONS

Assiniboine Community College operates under the authority of The Colleges Act, Chapter C150.1 of the Continuing Consolidation of the Statues of Manitoba and is a registered charity under the Income Tax Act.

In accordance with the activities or objectives specified by donors and other sources outside the College, and in keeping with their mandate to operate the College, the Board of Governors may approve transfers between funds to achieve the financial objectives of the College. Effective June, 1998 the Assiniboine Community College Foundation was created to administer the collection and disbursement of endowment funds and fundraising events.

2. SIGNIFICANT ACCOUNTING POLICIES

GENERAL

These financial statements have been prepared on a going concern basis in accordance with generally accepted accounting principles for non-profit organizations and recommendations set forth by the Canadian Association of University Business Officers. Significant accounting policies are as follows:

INVESTMENTS

Investments are recorded at the lower of cost or market value.

INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided using the straight-line method at 20% per annum. No amortization is taken in the year of acquisition. Contributed capital assets are recorded at the fair value at the date of contribution.

A base library was established as at April 1, 1993. Library holdings are accounted for using the "base stock" method with current library acquisitions not capitalized because annual library acquisitions net of annual library dispositions are not significant.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. The College evaluates all leases at the inception of the lease agreement to determine if it should be classified as a capital or operating lease. Where a capital lease is identified, the amount of the payment made each year is capitalized and amortized using the straight-line method over the lesser of 5 years or the remaining lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

REVENUE RECOGNITION

The College uses the deferral method of accounting for contributions. Restricted contributions are deferred and matched with related expenses as incurred.

DEFERRED REVENUE

Revenue received in the current year but not spent until the following fiscal year is deferred and matched with the related expenditures.

DONATIONS

Donations are reported when received. Donations of capital assets are reported at fair market value.

FINANCIAL INSTRUMENTS

The College's financial instruments include accounts receivable and payable with short and long term maturities. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest rate and credit risks arising from these instruments. Accounts receivable are not concentrated to any one or group of students or organizations. Likewise, trade payables are subject to normal credit terms and are not concentrated to any one or group of suppliers. Amounts relating to severance and vacation liabilities are not subject to interest, penalties or set terms of repayment.

3. ADOPTION OF THE NOT-FOR-PROFIT RECOMMENDATIONS

During the current year the College adopted the accounting recommendations for Not-For-Profit organizations relating to deferred contributions. The College now records deferred contributions related to capital assets separate from the Net Assets Invested in Capital Assets.

The adoption of this recommendation has resulted in a reallocation between the deferred contributions and the fund balances. The prior year's figures have been restated to reflect this change in policy as follows: deferred contributions related to capital assets has increased by $1,803, Net Assets in Capital Assets has decreased by $1,795 and Unrestricted Net Assets, beginning of year has increased by $706 to reflect this change.

The College previously maintained their accounts based on the principle of fund accounting. In order to simplify the financial statements, the fund accounting basis of presentation is no longer being used. The statement of changes in net assets and comparative figures have been restated to reflect this change. There is no effect on the statement of operations as a result of this change.

4. CASH AND SHORT TERM INVESTMENTS

Cash and short term investments are summarized as follows:

	1999	1998
Cash	220	202
Term deposits – Department of Finance	1,474	327
Bank indebtedness	-	(484)
	1,694	45

5. ACCOUNTS RECEIVABLE

	1999	1998
Accounts receivable are summarized as follows:		
Accounts receivable – tuition and contract training	567	672
Goods and Services Tax rebate	32	-
Accountable advances and computer loans	13	9
	612	681
Less: allowance for doubtful accounts	(12)	(3)
	600	678

6. DUE FROM PROVINCE OF MANITOBA

The amounts due from the Province of Manitoba are summarized as follows:

	1999	1998
Purpose:		
Property taxes	331	331
Accommodation cost recovery system	180	180
Vacation pay	875	875
Severance pay	1,104	-
	2,490	1,386

7. INVENTORIES

Inventories are composed of books and supplies.

8. CAPITAL ASSETS

	1999	1998
The following is a continuity of capital assets:		
Net book value, beginning of year	2,944	2,841
Purchases	886	1,045
Disposals	-	(74)
Donated assets	47	-
Net additions for the year	933	971
Less: Current year amortization	970	868
Net book value, end of year	2,907	2,944
Library holdings, at estimated value	959	958

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are summarized as follows:

	1999	1998
Trade payables	788	973
Less: supplier overpayments and textbook returns	(97)	(97)
Net trade payables	691	876
Employee benefits and accrued wages	386	24
Retroactive pay increase	-	102
Accrued severance liability	1,245	-
Accrued vacation pay	1,082	1,004
	3,404	2,006

10. DEFERRED REVENUE

Deferred revenue is summarized as follows:

	1999	1998
Tuition fees	183	179
Contract training fees	443	18
Classroom rentals and parking	18	8
Grant – Management Information System	232	-
Operating capital grants	-	40
	876	245

11. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the College's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

12. NET ASSETS INTERNALLY RESTRICTED

The Board of Governors of the College approved the following surplus appropriations during the fiscal year:

Management Information System	250
General Reserve Fund	200
Major capital College growth and retrofit	150
	600

13. COMMITMENTS

The College has entered into various leases for classroom space, office equipment and a maintenance agreement for the Colleague computer system. The following represents the future payments:

1999/2000	245
2000/2001	216
2001/2002	131

14. PENSION COSTS AND OBLIGATIONS

The College's employees are eligible for membership in the Civil Service Superannuation Plan operated by the Province of Manitoba. Although this is a defined benefit pension plan, any experienced gains or losses determined by actuarial valuations are the responsibility of the Province of Manitoba. Accordingly, no disclosure has been made in the financial statements relating the effects of participation in the pension plan by the College and its employees.

15. ECONOMIC DEPENDENCE

The College presently receives annual funding of approximately $11,978 ($10,650 in 1998) from the Province of Manitoba to finance operations and capital acquisitions. Without such funding, future viability of the College is not assured.

16. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure that could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

17. COMPARATIVE FIGURES

The prior year's figures have been restated to reflect the retroactive change in accounting policy relating to the deferral method of revenue recognition and the elimination of the fund accounting basis of presentation. Several account classifications have also been modified to conform to the current year's presentation.

18. INCOME TAXES

The College is exempt from income taxes.

19. GRANTS

Grants received from the Council on Post-Secondary Education, Province of Manitoba are reflected in the financial statements as follows (in actual $):

Approved 1998/99 operating and capital funding	11,978,100
Approved 1998/99 Manitoba Health funding	98,808
Add: Reversal of prior year deferral	40,000
Less: Deferral of operating funding	(289,640)
Deferred contributions relating to capital assets	(598,200)
	11,229,068

Represented by:	
Base funding	11,196,908
Market Driven Training	32,160
	11,229,068

ASSINIBOINE COMMUNITY COLLEGE Schedule 1

SCHEDULE OF REVENUES

YEAR ENDED JUNE 30, 1999

(in thousand $)

	1999	1998
Academic Training Fees		
Day program tuition fees	2,069	1,581
Apprenticeship training fees	796	891
	2,865	2,472
Grants		
Provincial (note 19)	11,197	10,867
Industry partnerships	157	-
	11,354	10,867
Market Driven / Contract Training (schedule 3)	1,694	1,416
Continuing Education (schedule 4)	889	878
Ancillary Services (schedule 2)	744	784
Sundry and Other Revenue		
Interest	88	40
Other	172	220
Trust and endowment	-	18
	260	278
Amortization of deferred capital contributions	606	-
Total Revenue	18,412	16,695

ASSINIBOINE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 1999
(in thousand $)

Schedule 1
Continued

	1999	1998
Academic		
Salaries		
Instructional	5,925	5,299
Administrative	1,550	1,479
Program Support	225	263
Fringe Benefits	581	567
Operating	1,920	1,996
	10,201	9,604
Administration		
Salaries	1,716	1,594
Fringe Benefits	346	183
Operating	1,343	1,492
	3,405	3,269
Program Support		
Salaries	494	489
Fringe Benefits	39	42
Operating	132	129
	665	660
Plant		
Salaries	242	234
Fringe Benefits	21	21
Operating	780	787
	1,043	1,042
Management Information Services		
Salaries	316	269
Fringe Benefits	25	23
Operating	136	141
	477	433
Library		
Salaries	165	164
Fringe Benefits	13	14
Operating	62	76
	240	254
Ancillary Services (schedule 2)	583	682
Scholarship and Bursaries	-	66
Amortization of Capital Assets	970	868
Total Expenditures	17,584	16,878

ASSINIBOINE COMMUNITY COLLEGE Schedule 2

ANCILLARY SERVICES

SCHEDULE OF REVENUE AND OPERATING EXPENDITURES

YEAR ENDED JUNE 30, 1999

(in thousand $)

	1999	1998
Revenue	744	784
Expenditures		
Cost of goods sold	523	617
Salaries	43	44
Operating	17	21
	583	682
Net Profit	161	102

ASSINIBOINE COMMUNITY COLLEGE Schedule 3
MARKET DRIVEN TRAINING
SCHEDULE OF REVENUE AND OPERATING EXPENDITURES
YEAR ENDED JUNE 30, 1999
(in thousand $)

	1999	1998
Revenue		
Indirect training contracts	48	23
Contract training	1,127	1,372
Grants	476	-
Other revenue	43	21
Total Revenue	1,694	1,416
Expenditures		
Direct Expenditures		
Instructional salaries	564	453
Fringe benefits	45	39
Operating	484	472
	1,093	964
Indirect Expenditures		
Administrative salaries	278	268
Fringe benefits	23	24
Other operating	8	10
	309	302
Total Expenditures	1,402	1,266
Net Profit	292	150

Schedule 4

ASSINIBOINE COMMUNITY COLLEGE
CONTINUING EDUCATION
SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 1999
(in thousand $)

	1999	1998
Revenue		
Evening school - on campus	266	328
Regional centres	623	550
Total Revenue	889	878
Expenditures		
Direct Expenditures		
Instructional salaries	335	300
Fringe benefits	24	23
Operating	224	227
	583	550
Indirect Expenditures		
Administrative salaries	195	193
Program support	111	157
Fringe benefits	25	30
Operating	119	109
	450	489
Total Expenditures	1,033	1,039
Net Loss	(144)	(161)

ASSINIBOINE COMMUNITY COLLEGE

BOARD MEMBERS COMPENSATION
YEAR ENDED JUNE 30, 1999
(in actual $)

Schedule 5

Lillian McKay	1,800
Bob Mazer	2,400
David H. Perkins	1,800
Jack Ziprick	1,800
Ken L. Rowan	1,500
Matthew J. Hipwell	1,200
Paul Crane	3,000
Robert Andrew	1,800
Norma Borotsik	1,800
Keneen Bridgeman Magnowski	1,500
Lisa Huston	1,800
Sheila Dearsley	1,800
	22,200

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the statement of financial position of the Board of Administration under The Embalmers and Funeral Directors Act as at December 31, 1999 and the statements of operations and changes in unrestricted net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

David Petrie

Winnipeg, Manitoba
May 1, 2000

David Petrie, CA
for the Provincial Auditor

THE BOARD OF ADMINISTRATION UNDER THE *EMBALMERS AND FUNERAL DIRECTORS ACT*

Statement of Financial Position as at December 31, 1999

ASSETS

Current Assets	1999	1998
Cash	9,940	$ 21,568
Short term investments	50,879	49,096
Accrued interest receivable	321	302
	61,140	$ 70,966

LIABILITIES AND UNRESTRICTED NET ASSETS

Current Liabilities	1999	1998
Accounts payable and accrued liabilities	1,991	8,565
Deferred revenue	8,600	24,700
	10,591	33,265
Unrestricted Net Assets	50,549	37,701
	61,140	70,966

Approved by the Board

Chairperson

Secretary-Treasurer

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement Of Operations And Changes In Unrestricted Net Assets

For The Year Ended December 31, 1999

Revenues	1999	1998
Fees for articled student registrations, courses and examinations	15,550	30,975
Licences:		
Funeral homes	6,500	6,200
Funeral directors and embalmers	19,800	19,780
Contribution of service (Note 3)	4,000	4,000
Interest	1,807	686
Miscellaneous	-	150
	47,657	61,791
Expenses		
Courses and seminars - instruction, classroom and textbooks	9,843	19,905
Administration and accounting (Note 3)	4,000	4,000
Audit	2,072	1,700
Honoraria:		
Principal	9,131	11,217
Registrar	2,000	2,000
Board members	2,616	5,450
Miscellaneous	350	519
Board meetings	2,469	4,526
Communications	748	-
Office supplies and postage	1,580	1,613
	34,809	50,930
Excess of revenue over expenses	12,848	10,861
Unrestricted Net Assets		
Beginning of year	37,701	26,840
End of year	50,549	37,701

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement of Cash Flows

For the year ended December 31, 1999

	1999	1998
Cash flows received from (used for) operating activities		
Tuition fees	1,750	35,775
Licenses fees	24,000	36,880
Interest on short term investments	1,788	517
Miscellaneous	-	150
Courses and seminars	(10,945)	(19,753)
Audit fees	(3,700)	-
Honoraria:		
Principal	(10,272)	(10,809)
Registrar	(4,000)	(2,000)
Board members	(3,052)	(5,014)
Miscellaneous expense	(308)	(510)
Board meetings	(2,715)	(3,884)
Communications	(667)	-
Office supplies and postage	(1,725)	(1,767)
Net cash (used for) generated from operating activities	(9,846)	29,585
Cash flows received from (used for) investing activities		
Purchases of Guaranteed Investment Certificates	(50,878)	(49,096)
Maturities of Guaranteed Investment Certificates	49,096	18,585
Net cash used for investing activities	(1,782)	(30,511)
Net decrease in cash for the year	(11,628)	(926)
Cash, beginning of year	21,568	22,494
Cash, end of year	9,940	21,568

THE BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Notes to Financial Statements
December 31, 1999

1. Nature of the Operation

   The Embalmers and Funeral Directors Act established the Board of Administration to license and regulate embalmers and funeral directors and to prescribe the courses of training and instruction for articled students.

2. Accounting Policy

   These financial statements have been prepared in accordance with generally accepted accounting principles.

3. Contribution of Services

   The Government of the Province of Manitoba provides the services of administration and accounting staff at an estimated cost of $4,000 for 1999. (1998 - $4,000) This contribution of services is recorded in the financial statements as revenue and expense.

4. The Public Sector Compensation Disclosure Act

   In Accordance with Section 2 of The Public Sector Compensation Disclosure Act the following summarizes compensation paid during the year ended December 31, 1999.

4. Cont'd...

(i) The Board chairperson received no compensation from the Board of Administration, other than for meals included in statement (iii) below.

(ii) No compensation was paid to officers, other than for mileage, meals and lodgings included in statement (iii) below.

(iii) The aggregate amount paid to Board members was:

		1999	1998
(i)	meeting allowance	2,616	5,450
(ii)	mileage, meals and lodgings	1,960	4,149

(iv) An honorarium of $2,000 was paid to the registrar.

(v) The Board has no employees

(5) Changes to Operations

As of September 1, 1999, the Board of Administration contracted with Windrum Educational Consultants Inc. to operate the course of instruction for students, including receiving fees from students and paying for instructors costs, classrooms and textbooks. Accordingly, the Board no longer collects fees from students for articled students' registrations, courses and examinations, and does not pay the honorarium to the principal

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Governors of Brandon University

We have audited the statement of financial position of Brandon University as at March 31, 2000 and the statements of changes in net assets, operations and changes in cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2000, the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

James Martin

Winnipeg, Manitoba
May 12, 2000

James M. Martin, CA
for the Provincial Auditor

Brandon University

Statement of Financial Position
as at March 31, 2000

ASSETS

	2000	1999
Current Assets		
Cash and cash equivalents (note 3)	$ 4,041,477	$ 1,280,067
Accounts receivable	1,377,154	1,513,069
Inventory	320,242	280,908
Prepaid expenses	128,402	119,231
	5,867,275	3,193,275
Trust and Endowment Funds held by Brandon University Foundation (notes 2D and 4)	12,478,368	10,898,148
Loan receivable (note 8)	90,108	91,567
Investment in Subsidiary Company (notes 2E and 10)	326,960	351,894
Capital Assets and Collections (notes 2F and 6)	38,883,471	40,095,486
	$ 57,646,182	$ 54,630,370

Approved by the Brandon University
Board of Governors on June 13, 2000

J. E. Deller
Treasurer

Vice-President (Administration & Finance)

The accompanying notes are an intergral part of these financial statements.

LIABILITIES & NET ASSETS

	2000	1999
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,668,160	$ 2,332,794
Due to WESTARC Group Inc. (note 11)	309,794	296,033
Deferred income	171,850	185,905
Deferred contributions (note 7)	1,777,897	930,294
Current portion of long term debt (note 12)	67,757	63,763
	4,995,458	3,808,789
Long term Liability		
Mortgages payable (note 12)	2,037,051	2,104,808
Unamortized Deferred Capital Contributions (note 7)	31,328,006	32,525,825
Expenses Funded from Future Revenues (note 16)	(986,667)	(970,218)
Trust and Endowment Funds (notes 2D and 4)	12,478,368	10,898,148
Net Assets		
Unrestricted net assets	2,216,662	767,078
Internally restricted net assets (note 5)	126,646	94,851
Investment in capital assets and collections	5,450,658	5,401,089
	7,793,966	6,263,018
	$ 57,646,182	$ 54,630,370

The accompanying notes are an intergral part of these financial statements.

Brandon University

Statement of Changes in Net Assets
for the year ended March 31, 2000

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2000	Total 1999
Balance, beginning of year	$ 767,078	$ 94,851	$ 5,401,089	$ 6.263.018	$ 5.521.292
Reclassify net asset balance	42			42	
Restated balance, beginning of year	767,120	94,851	5,401,089	6,263,060	5,521,292
Excess of revenues over expenses	1,499,464			1,499,464	300.563
Direct increases to net assets					
Donations of capital assets			14,993	14,993	449,100
Transfers					
Internally funded					
Capital asset additions	(851,058)		851,058		
Capital asset disposals (net)	52,166		(52,166)		
Amortization	828,079		(828,079)		
Repayment of long term debt	(63,763)		63,763		
Allocation to internally restricted net assets	(99,512)	99,512			
Internally restricted net asset purchases	67,717	(67,717)			
Net increase in expenses funded from future revenues	16,449			16,449	(7,937)
Balance, end of year	$ 2,216,662	$ 126,646	$ 5,450,658	$ 7,793,966	$ 6,263,018

The accompanying notes are an intergral part of these financial statements.

Brandon University

Statement of Operations
for the Year Ended March 31, 2000

	2000	1999
Revenues		
Tuition fees	$ 7,250,064	$ 6,486,081
Grants		
Council on Post-Secondary Education	19,776,312	18,334,662
Province of Manitoba	1,555,770	1,679,221
Government of Canada	436,362	381,610
City of Brandon		50,000
Sales of goods and services	4,391,134	3,734,529
Brandon University Foundation	920,634	1,458,733
Amortization of deferred capital contributions	1,334,222	1,339,182
Operations of subsidiary	(24,934)	44,424
Sale of MBnet Networking Inc. (note 10)	918,517	
Miscellaneous	606,810	446,153
	37,164,891	33,954,595
Expenses		
Salaries - academic	12,018,882	11,664,135
Salaries - support	8,377,341	7,853,364
Benefits	2,631,466	2,518,709
Travel	1,101,970	1,201,289
Supplies and other expenses	4,684,303	3,829,390
Property taxes	1,888,592	1,879,853
Utilities	780,985	762,954
Cost of goods sold	1,448,529	1,330,572
Scholarships and bursaries	356,793	285,853
Interest on long term debt	152,825	156,571
Amortization expense	2,162,302	2,170,771
Loss on disposal of capital assets	44,990	8,508
Increase/(Decrease) in amount of accrued expenses	16,449	(7,937)
	35,665,427	33,654,032
Excess of revenues over expenses	$ 1,499,464	$ 300,563

The accompanying notes are an intergral part of these financial statements.

Brandon University

Statement of Cash Flow
for the Year Ended March 31, 2000

	2000	1999
Cash Provided By (Used In) Operating Activities		
Excess of revenues over expenses	$ 1,499,464	$ 300,563
Items not affecting cash flow		
Amortization of deferred capital contributions	(1,334,222)	(1,339,182)
Amortization of capital assets	2,162,302	2,170,771
Loss on disposal of capital assets	64,632	12,254
(Increase)/decrease in income of subsidiary	24,934	(44,424)
(Increase)/decrease in expenses funded from future revenues	16,449	(7,937)
Decrease in non-cash operating working capital	1,253,678	940,313
	3,687,237	2,032,358
Cash Provided By (Used In) Investing Activities		
Decrease in loan receivable	1,459	1,359
Capital asset additions	(1,022,095)	(2,374,331)
Proceeds on disposal of capital assets	7,176	10,177
	(1,013,460)	(2,362,795)
Cash Provided By (Used In) Financing Activities		
Long term debt repayments	(63,763)	(60,017)
Capital contributions received	151,396	860,287
	87,633	800,270
Increase in cash and cash equivalents	2,761,410	469,833
Cash and cash equivalents, beginning of year	1,280,067	810,234
Cash and cash equivalents, end of year	$ 4,041,477	$ 1,280,067

The accompanying notes are an intergral part of these financial statements.

Brandon University

Notes to the Financial Statements
for the year ended March 31, 2000

1. Authority and Purpose

Brandon University operates under the authority of the Brandon University Act of the Province of Manitoba. Brandon University offers undergraduate programs in arts, science, education, music, and health studies; and offers graduate programs in education, music and rural development. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

These financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations.

B. Revenue Recognition

Operating grants are recognized as revenue in the period received. Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services rendered or substantially rendered.

The University accounts for contributions using the deferral method. Deferred contributions are externally restricted non-capital contributions which are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Externally restricted contributions for the acquisition of capital assets having limited lives are recorded as deferred capital contributions in the period in which they are received and, when expended, are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

C. Short Term Investments

Short term investments are recorded at cost and are unspent operating, capital and restricted funds that are invested to generate income used to fund general operations of the University.

D. Trust and Endowment Fund

In order to consolidate fund raising activities and the administration of trust and endowment funds, Brandon University, Brandon University Foundation and Brandon University Alumni Association entered into an agreement in October 1989. The parties to the agreement recognize and agree that the University has exclusive and ultimate control over the consolidated assets and for the eventual disposition of all funds collected on its behalf in the future.

Funds transferred from the Brandon University Foundation to the University are recorded as revenue in the period they were received by the University.

The net change in the funds held by the Foundation, as a result of the Foundation's activities over the year, is added to Funds held by Brandon University Foundation and to the Trust and Endowment Fund.

E. Investment in Subsidiary Companies

The University accounts for its investment in the subsidiary companies in accordance with a modification of the equity method. Under this method, contributions to the subsidiary companies and earnings of the subsidiary companies are added to the investment in the subsidiaries. Dividends received from the subsidiary companies are deducted from the investment in the subsidiaries. The income or losses of the subsidiaries are included in the statement of operations.

F. Capital Assets and Collections

Capital assets purchased by the University are recorded at cost. Donated assets are recorded at the fair market value on the date received. Capital assets disposed of are removed from the accounts at their net book value.

Capital assets are amortized, on a straight line basis over the assets' estimated useful lives. Amortization rates are as follows:

Buildings	50 years
Furnishings and equipment	10 years
Computer equipment	5 years
Vehicles	5 years
Library collections	10 years

The capital assets include collections of works of art, gemstones and rare books which have been donated to the University. These collections are not amortized.

G. Inventories

Inventories are valued at the lower of cost and net realizable value.

H. Pension Plans

The University contributes to the Brandon University Retirement Plan which is a trustee-administered pension plan for University employees. Contributions by the University are recorded as expenses.

The accounts of the Brandon University Retirement Plan do not form part of the University's financial statements. The Plan's financial statements are audited by the Provincial Auditor.

3. Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	2000	1999
Cash	$ 403,508	$ 475,816
Short term investments	3,637,969	804,251
	$ 4,041,477	$ 1,280,067

4. Funds Held by Brandon University Foundation

The trust and endowment funds held by the Brandon University Foundation of $ 12,478,368 as at December 31, 1999 have been included with the assets of the University. The transactions from January 1, 2000 to March 31, 2000 which would have increased the fund balance by approximately $ 796,378 have not been included in these financial statements.

The value of outstanding pledges to the Foundation as at March 31, 2000 is $ 587,984 (1999 - $ 457,460). These will be recorded as revenue by the University when transferred to the University from the Foundation.

5. Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the University for the following specific purposes:

	Opening Balance	Current Provision	Purchases	2000 Closing Balance
Ancillary enterprises	$ 96,800	$ 27,539	$ (65,020)	$ 59,319
Athletics deficit	(39,409)	19,293		(20,116)
Photocopiers	(13,706)	5,080		(8,626)
Telephone replacement	(11,213)	47,600	(2,697)	33,690
Vehicle replacement	62,379			62,379
	$ 94,851	$ 99,512	$ (67,717)	$ 126,646

6. Capital Assets and Collections

	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Land	$ 502,280	$	$ 502,280	$ 504,130
Buildings	57,495,643	(23,776,933)	33,718,710	34,977,129
Furniture and equipment	8,962,443	(6,703,921)	2,258,522	2,233,386
Library collections	4,765,035	(3,226,551)	1,538,484	1,530,359
Collections	865,475		865,475	850,482
	$ 72,590,876	$ (33,707,405)	$ 38,883,471	$ 40,095,486

Capital asset additions during the year included donations in kind in the amount of $ 14,993 (1999- $449,100).

7. Deferred Contributions and Unamortized Deferred Capital Contributions

Deferred contributions represent contributions received for special purposes and unspent funds for restricted purposes. Unamortized deferred capital contributions represent the funded portion of capital assets which will be recognized as revenue in future periods and matched against the applicable amortization charged in that period. Changes in the deferred contributions and unamortized deferred capital contributions balances are as follows:

	2000 Deferred Contributions	2000 Unamortized Deferred Capital Contributions	1999 Deferred Contributions	1999 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 930,252	$ 32,525,825	$ 1,140,406	$ 33,453,820
Contributions received	4,989,606		4,003,400	
Transfers to revenue				
Tuition, grants and contributions	(3,985,915)		(3,796,650)	
Amortization of assets acquired from capital assets		(1,353,865)		(1,344,899)
Transferred to acquire capital assets	(156,046)	156,046	(416,904)	416,904
Balance, end of year	$ 1,777,897	$ 31,328,006	$ 930,252	$ 32,525,825
Balance consists of:				
Research	$ 1,509,079		$ 647,652	
Special programs	268,818		282,600	
	$ 1,777,897		$ 930,252	

8. Loan Receivable

The University issued a loan of $96,240 to Bran-U-Day Care Inc. on April 1, 1995 to cover the remaining debt on the building. The terms are monthly installments of $773.26 due on the 1st day of each month with the entire amount due on the 1st day of April, 2000. The rate of interest is 8.625% for this 5 year period. Bran-U-Day Care Inc. has used its option to extend the terms of this agreement for a further term with the entire indebtedness now due on April 1, 2005. The rate of interest will be 8.125% for this five year period with monthly installments of $694.92 due on the first day of the month beginning on April 1, 2000.

The loan receivable as at March 31, 2000, was $ 90,108 (1999- $ 91,567).

9. Pension Plans

Actuarial valuations of the Brandon University Retirement Plan are carried out every three years and provide an estimate of the accrued pension benefits. The next actuarial valuation is required as at December 31, 2000 and will be completed in 2001. Based on the latest actuarial valuation of the plan conducted as at December 31, 1997, accrued pension benefits were $45,884,000. This valuation established a Plan surplus of $7,961,000 using the accrued benefit method as at that date. This method used actuarial assumptions with regard to demographics, rate of return on investments and salary increases to compare the Plan's assets with its liabilities in respect of past service. An amendment to the Plan, effective January 1, 1999, which improves the retirement benefits for active and retired members who qualify, reduced this surplus to $2,731,000.

The market value of the assets under management was $ 72,886,931 at December 31, 1999 (1998 $68,829,028).

Pension contributions by the University for the year ended March 31, 2000 were $ 900,051 (1999 - $ 871,487).

10. Investment in Subsidiary Companies

Brandon University Holding Company Limited was incorporated in 1985 as a wholly-owned subsidiary company of Brandon University. The Holding Company was established for the purpose of holding shares in subsidiary companies. WESTARC Group Inc., a wholly-owned subsidiary company of Brandon University Holding Company Limited, was incorporated in 1985. WESTARC Group Inc. was established to disseminate expertise from the University to the public and private sectors.

During the year ended March 31, 1999, a $5,000 dividend was declared by WESTARC and paid out to Brandon University Holding Company Limited which subsequently declared a dividend of $4,715 to Brandon University.

The following is a summary of the investment in Brandon University Holding Company Limited for the year ended March 31, 2000:

	2000	**1999**
Investment, beginning of year	$ 351,894	$ 307,470
Net income/(loss) from operations	(20,219)	47,924
Dividends paid by Brandon University Holding Company Limited	(4,715)	(3,500)
Investment, end of year	$ 326,960	$ 351,894

MBnet Networking Inc., in which Brandon University had a one-third interest, was incorporated March 15, 1993 under the Manitoba Corporations Act as a corporation without share capital. The principal business activity of MBnet Networking Inc. is to provide a data communication network to support the education, research and technology transfer missions of its three member institutions, the University of Manitoba, the University of Winnipeg and Brandon University.

As at December 21, 1999 Brandon University had not invested any funds directly into MBnet Networking Inc.

On December 21, 1999 the three member institutions sold their interests in MBnet Networking Inc. Brandon University's one-third share of the proceeds was $918517.

11. Related Party Transactions

For the period prior to the sale of MBnet Networking Inc., Brandon University paid MBnet Networking Inc. $21,078 (1999- $20,506) for Internet access.

As at March 31, 2000, there was an amount of $ 309,794 (1999 - $ 296,033) due to WESTARC Group Inc. from Brandon University. This amount is non-interest bearing with no set repayment terms.

12. Long-Term Liability - Mortgages Payable

	2000	1999
Canada Mortgage and Housing Corporation 5 1/8% mortgage, $41,608 combined principal and interest payable semi-annually July 1 and January 1 to 2012.	$ 761,150	$ 803,715
Canada Mortgage and Housing Corporation 8 1/4% mortgage, $66,686 combined principal and interest payable semi-annually April 1 and October 1 to 2021.	1,343,658	1,364,857
	2,104,808	2,168,572
Current portion of long term debt	67,757	63,764
	$ 2,037,051	$ 2,104,808

Principal payments in the next five years are as follows:

2001	$ 67,757
2002	$ 72,017
2003	$ 76,560
2004	$ 81,406
2005	$ 86,578

13. Brandon Centennial Auditorium Corporation Inc.

Under an arrangement between the University, the Province of Manitoba and the City of Brandon, the University built an Auditorium on its property for the benefit of the citizens of Western Manitoba. The expenditures for the building and furnishings were financed from contributions by the Governments of Canada and Manitoba, the City of Brandon and citizens through fundraising campaigns.

The Auditorium has been leased to the Brandon Centennial Auditorium Corporation Inc. for a nominal consideration of $1 under a 99 year lease which expires 2064 A.D. The University is reimbursed for services supplied to the auditorium as required by the agreement.

14. Knowles-Douglas Student Union Centre

The Knowles-Douglas Student Union Centre has been leased to the Knowles- Douglas Student Union Centre Inc. for the nominal consideration of $1 per year under a 50 year lease which expires 2035 A.D. The University supplies certain services to the Centre as required by the lease.

15. Commitments

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $36,406 for the year ended March 31, 2000 (1999 - $15,629).

16. Expenses Funded From Future Revenues

The balance of Expenses Funded From Future Revenues consists of:

	2000	1999
Unfunded staff benefits - vacation accruals	$ 514,519	$ 500,255
Unfunded property taxes	472,148	469,963
	$ 986,667	$ 970,218

17. Early Retirement Incentive Plan

Brandon University entered into an agreement with the Brandon University Faculty Association (BUFA) to offer an Early Retirement Incentive Plan to BUFA members. The objective of the plan was to provide encouragement and opportunity for BUFA members to retire from the University before they would otherwise do so, and before age 65, and to allow the University to produce savings and increased operating flexibility.

The Plan was available to members of BUFA with probationary, tenured, and continuing appointments who were between the age of 55 and 65 and who had 5 or more years of service with the University. Application for entry into the Plan had to be made by December 31, 1996 and entry into the Plan could be made June 30, or December 31, 1996, June 30 or December 31, 1997 or June 30, 1998. The retiring (incentive) allowance could be paid on the date of entry into the Plan or for a period of up to 3 years after that date.

The retiring allowance payments from the Plan were financed through savings realized by hiring new faculty at reduced salaries and by not filling certain vacated positions. A special purpose account was established for the purpose of designating funds for payment of allowances as they come due.

18. Financial Instruments

The financial instruments of the University consist of cash and cash equivalents, accounts receivable, long-term investments, accounts payable, amounts due to (from) related parties and long-term debt. Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

19. Uncertainty Due to the Year 2000 Issue

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the University, including those related to customers, suppliers, or other third parties, have been fully resolved.

20. Schedules 5 through 8

Schedules 5 through 8 present the unrestricted operating revenues and expenses. Schedule 1 includes not only the unrestricted operating revenues and expenses but also the unrestricted amounts from the Research & Special Projects and capital funds.

Part of the reason for presenting schedules 5 through 8 is program costing calculation transparency which relates to unrestricted operating funds only. Therefore, the totals cannot be reconciled to those reported in the Statement of Operations, Statement of Financial Position or the Statement of Changes in Net Assets as they are only a portion of the Revenues and Expenses in the Statement of Operations.

21. Restatement of Accounts

Comparative figures for the year ended March 31, 1999 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 2000.

Schedule 1

Brandon University

Detailed Schedule of Operations - Unrestricted
for the Year Ended March 31, 2000

	General Operating	Ancillary Operations	Total 2000	Total 1999
REVENUES				
Tuition fees	$ 6,138,878	$	$ 6,138,878	$ 5,437,967
Grants				
Council on Post-Secondary Education	18,662,312	216,588	18,878,900	17,788,900
City of Brandon				50,000
Sales of goods and services		3,536,129	3,536,129	2,853,560
Brandon University Foundation	920,634		920,634	1,458,733
Amortization of deferred capital contributions	1,334,222		1,334,222	1,339,182
External cost recoveries	855,005		855,005	880,969
Internal cost recoveries	135,622		135,622	129,731
Income of subsidiary				44,424
Sale of MBnet Networking Inc. (note 10)	918,517		918,517	
Miscellaneous	421,288		421,288	296,003
	29,386,478	3,752,717	33,139,195	30,279,469
EXPENSES				
Salaries - academic	10,590,166		10,590,166	10,080,409
Salaries - support	6,131,848	1,038,292	7,170,140	7,201,101
Benefits	2,200,146	141,261	2,341,407	2,268,425
Travel	693,428		693,428	765,916
Supplies and other expenses	3,349,318	618,873	3,968,191	3,075,910
Property taxes	1,888,592		1,888,592	1,879,853
Utilities	537,232	243,753	780,985	762,954
Cost of goods sold		1,448,529	1,448,529	1,330,572
Scholarships and bursaries	356,793		356,793	285,853
Interest on long term liabilities		152,825	152,825	156,571
Amortization	2,162,302		2,162,302	2,170,771
Loss on disposal of capital assets	44,990		44,990	8,508
Loss of subsidiary	24,934		24,934	
Net increase/(decrease) in accrued vacation pay	14,264		14,264	(6,192)
Net increase/(decrease) in accrued property taxes	2,185		2,185	(1,745)
	27,996,198	3,643,533	31,639,731	29,978,906
Excess of revenues over expenses	$ 1,390,280	$ 109,184	$ 1,499,464	$ 300,563

Schedule 2

Brandon University

Detailed Schedule of Operations - Restricted
for the Year Ended March 31, 2000

	Research & Special Projects	Special Programs	Restricted Capital	Total 2000	Total 1999	Deferred Contributions 2000	Deferred Contributions 1999	Transfer To Statement of Operations 2000	Transfer To Statement of Operations 1999
Revenues									
Tuition fees	$	$ 1,111,186	$	$ 1,111,186	$ 1,048,114	$	$	$ 1,111,186	$ 1,048,114
Grants									
COPSE	1,176,100			1,176,100	1,094,000	(278,688)	(548,238)	897,412	545,762
Province of Manitoba	235,638	1,303,400		1,539,038	1,373,957	16,732	305,264	1,555,770	1,679,221
Government of Canada	971,975			971,975	338,973	(535,613)	42,637	436,362	381,610
Miscellaneous	191,307			191,307	148,398	(5,785)	1,752	185,522	150,150
	2,575,020	2,414,586		4,989,606	4,003,442	(803,354)	(198,585)	4,186,252	3,804,857
Expenses									
Salaries - academic		1,428,716		1,428,716	1,583,726			1,428,716	1,583,726
Salaries - support	921,921	285,280		1,207,201	652,263			1,207,201	652,263
Benefits	81,384	208,675		290,059	250,284			290,059	250,284
Travel	157,378	251,164		408,542	435,373			408,542	435,373
Supplies and other expenses	623,165	228,569		851,734	883,211			851,734	883,211
	1,783,848	2,402,404		4,186,252	3,804,857			4,186,252	3,804,857
Excess of revenues over expenses	$ 791,172	$ 12,182	$	$ 803,354	$ 198,585	$ (803,354)	$ (198,585)	$ -	$ -

Schedule 3

Brandon Universitv

Deferred Contributions and Unamortized Deferred Capital Contributions for the Year Ended March 31, 2000

	Research & Special Projects	Special Programs	Restricted Capital	Total 2000	Total 1999	Unamortized Deferred Capital Contributions 2000	Unamortized Deferred Capital Contributions 1999
Contributions received							
Tuition and related fees	$	$ 1,111,186	$	$ 1,111,186	$ 1,048,114	$	$
Grants	2,383,713	1,303,400		3,687,113	2,806,930		
Miscellaneous	191,307			191,307	148,398		
Expenses	(1,783,848)	(2,402,404)		(4,186,252)	(3,804,857)		
Transfers from (to):							
Unrestricted accounts	200,337			200,337	8,207		
Capital aquisitions	(130,082)	(25,964)		(156,046)	(416,904)	156,046	416,904
Capital asset disposals (net)						(19,643)	(5,717)
Amortization of deferred capital contributions						(1,334,222)	(1,339,182)
	861,427	(13,782)		847,645	(210,112)	(1,197,819)	(927,995)
Deferred balance, beginning of year	530,659	399,635		930,294	1,140,406	32,525,825	33,453,820
Reclassify deferred balances	116,993	(117,035)		(42)			
Restated deferred balance, beginning of year	647,652	282,600		930,252	1,140,406	32,525,825	33,453,820
Deferred balance, end of year	$ 1,509,079	$ 268,818	$ -	$ 1,777,897	$ 930,294	$ 31,328,006	$ 32,525,825

Schedule 4

Brandon University

Schedule of Investment in Capital Assets and Collections for the Year Ended March 31, 2000

	Total 2000	Total 1999
Balance, beginning of year	$ 5,401,089	$ 4,231,948
Internally funded capital asset additions		
General operating funds		
Land and buildings		529,360
Furniture and equipment	510,264	507,493
Library acquisitions	308,696	311,797
Ancillary operations		
Furniture and equipment	32,098	159,677
	851,058	1,508,327
Non-amortizable capital asset donations	14,993	449,100
Disposals (net) - internally funded capital assets	(52,166)	(16,713)
Amortization of internally funded capital assets	(828,079)	(831,590)
Repayment of long term debt	63,763	60,017
Balance, end of year	$ 5,450,658	$ 5,401,089

Schedule 5

Brandon University

Schedule of Operating Grants and Other Revenues for the Year Ended March 31, 2000

	Total 2000	Total 1999
Grants		
Council on Post Secondary Education		
Operating	17,692,212	17,242,312
Renovations and equipment	970,100	330,000
	18,662,312	17,572,312
City of Brandon		50,000
Brandon University Foundation	270,594	156,444
Miscellaneous		
Rentals	21,001	19,751
Sundry	71,552	70,615
Interest income	185,607	169,848
	278,160	260,214
Total Operating Grants and Other Revenues	$ 19,211,066	$ 18,038,970

Schedule 6

Brandon University

Detailed Schedule of Tuition Fee Revenues for the Year Ended March 31, 2000

	Total 2000	Total 1999
Tuition Fees		
Undergraduate courses		
Regular session	$ 5,098,545	$ 4,558,906
Spring session	148,772	106,434
Summer session	62,214	43,770
Campus Manitoba	85,822	
	5,395,353	4,709,110
Graduate courses	292,840	223,522
Program fees		25,942
Music Conservatory	331,068	334,201
Non-credit programs	33,421	61,111
Other student fees	86,196	84,081
Total Tuition Fee Revenues	$ 6,138,878	$ 5,437,967

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses for the Year Ended March 31, 2000

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2000	Total March 31, 1999
Faculty of Arts								
Office of the Dean	283,195	118,760	36,399	37,771	68,637	110,348	434,414	340,040
Drama	56,024		7,162	1,496	4,271		68,953	63.239
Economics	184.324		26.684	1,841	1,556		214,405	200,441
English	266,110	207	35,583	4,306	3,352		309,558	275.363
History	248,293		31,550	5,512	2,871		288,226	262.863
Languages	242.894		33,875	2,004	1,461		280,234	253.159
Philosophy	195,696	21	24,333	2,141	1,269		223,460	215,822
Political Science	249,676		22,234	3,683	2,151		277,744	278,320
Religion	167,363		19,000	2,721	2,024		191,108	217,080
Sociology	362,329		40,227	2,460	3,723		408,739	403.474
Non-departmental					98		98	135
Native Studies	250,184		31,528	3,322	3,871		288,905	273,862
Business Administration	191,029		26,474	12,273	5,661		235,437	200,470
Fine Arts	53,833	200	7,666	1,536	592		63,827	66,922
Anthropology	76,271		9,570	1,300	186		87,327	75,809
Archeology Field School		2,013	171	2,049	6,013		10,246	5,314
Spring/Summer	55,605	250	4,000		608		60,463	25,799
	2,882,826	121,451	356,456	84,415	108,344	110,348	3,443,144	3,158,112
Faculty of Science								
Office of the Dean	91,046	126,895	31,018	65,509	39,232	8,564	345,136	429.303
Botany	263,944	9,665	35,777	472	19,773		329,631	307,319
Chemistry	261,088	10,915	38,512	267	20,272		331,054	331,690
Geography	310,299	4,881	38,979	1,043	23,386	55	378,533	339,921
Geology	275,237	4,764	36,163	1,356	13,651		331,171	309,597
Mathematics/Comp. Sci.	611,747	20,176	79.658	790	17,165		729,536	649.772
Physics/Astronomy	361,881	3,011	51,376	374	14,379	50	430,971	403.602
Psychology	506,619	10,458	63,894		17,957		598,928	548.868
Zoology	363,940	9,664	48,749	483	23,696	280	446,252	416,183
Spring/Summer	18,198	3,410	1,613				23,221	16,284
	3,063,999	203,839	425,739	70,294	189,511	8,949	3,944,433	3,752,539

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses for the Year Ended March 31, 2000

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2000	Total March 31, 1999
Faculty of Education								
Office of the Dean	101,692	112,150	26,012	53,264	141,206		434,324	465,900
Field Experience	144,449	30,629	16,824	9,068	9,253		210,223	182,761
Educational Foundations	325,915		35,042	55	6,748		367,760	403,583
Humanities	345,550		39,554		5,970		391,074	382,123
Mathematics & Science	315,001		35,358		4,296		354,655	326,235
Administrative Services	265,117		27,140		2,135		294,392	283,904
Physical Education	389,973		46,037	688	7,277	875	443,100	400,530
Junior Kindergarten	38,322	27,925	9,662		3,071	34,024	44,956	22,971
Joint Music Education					764		764	42
Graduate Studies	35,323		2,532	2,905	4,669		45,429	40,924
Spring/Summer	35,385		2,455	2,183	57		40,080	30,602
	1,996,727	170,704	240,616	68,163	185,446	34,899	2,626,757	2,539,575
School of Music	1,054,556	95,596	145,455	71,241	168,381	13,482	1,521,747	1,469,256
School of Health Studies	818,539	45,776	118,295	43,190	48,345		1,074,145	1,157,081
First Nations Counselling	89,833	14,606	13,143	16,244	15,385		149,211	36,330
Rural Development	226,444	44,584	33,417	11,819	178,889		495,153	246,126
Chancellor/Senate		128,491	18,556	3,325	19,210	2,103	167,479	198,423
Music Conser[illegible]y	294,740	30,013	2,254	3,621	16,616	6,067	341,177	361,013
Total Academic	10,427,664	855,060	1,353,931	372,312	930,127	175,848	13,763,246	12,918,455
Information Services								
Library		869,785	120,544	15,817	83,139	48,913	1,040,372	1,087,933
Educational Technology Unit	111,889	140,387	35,655	5,296	(5,479)	38,535	249,213	192,400
Non-Credit Programs					32,936		32,936	49,091
Computer Services		235,284	33,384	6,584	217,013		492,265	592,305
	111,889	1,245,456	189,583	27,697	327,609	87,448	1,814,786	1,921,729
Student Services								
Student Services		779,829	107,916	33,125	85,218	4,673	1,001,415	964,120
Athletic Programs		129,999	24,620	134,820	288,244	259,063	318,620	294,839
		909,828	132,536	167,945	373,462	263,736	1,320,035	1,258,959
Administration								
Board of Governors		28,580	3,335	4,401	8,765		45,081	44,036
President		251,297	21,279	20,089	146,740		439,405	361,329
Vice-President (Administration & Finance)		113,729	13,818	10,130	12,547		150,224	143,029
Vice-President (Academic & Research)		140,062	15,173	19,090	2,278		176,603	233,466
		533,668	53,605	53,710	170,330		811,313	781,860

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses for the Year Ended March 31, 2000

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2000	Total March 31, 1999
General Support								
Bad debt expense					12,945		12,945	6,149
Convocation					23,064	554	22,510	24,781
Development		236,947	34,259	6,539	142,820	22,923	397,642	413,437
Financial & Registration Services		475,983	76,670	4,068	(12,403)	27,854	516,464	658,592
FIPPA		1,765	270		404		2,439	
Gymnasium facility		55,683	6,487		5,858	2,421	65,607	70,949
Human Resources		222,236	90,891	4,668	42,281		360,076	365,671
Institutional membership fees					17,471		17,471	22,387
Mail Room		19,739	2,912		103,779	97,963	28,467	49,793
Print Shop		68,993	10,283	187	70,831	135,622	14,672	(35,008)
Professional fees					91,817		91,817	57,902
University Relations		117,500	18,410	150	34,648		170,708	
		1,198,846	240,182	15,612	533,515	287,337	1,700,818	1,669,661
Miscellaneous Initiatives								
B.J. Hales Museum		11,621	1,507		614	3,150	10,592	10,441
Bran-U-Day Care subsidy					3,793		3,793	4,215
Early Retirement Incentive Plan	19,266						19,266	216,577
Office of International Activities		40,945	5,601	11,995	18,557	5,230	71,868	76,863
English for Academic Purposes		79,804	6,509	4,231	5,626	113,196	(17,026)	23,124
Research /Instructional development					12,106		12,106	58,272
Distance Education Course Development								9,000
Other			35,523		375,763		411,286	94,869
BGS Program					7,218		7,218	6,011
Campus Manitoba	31,347		3,135		(14,646)		19,836	14,686
CIDA/International Scholarships					40,837		40,837	17,740
	50,613	132,370	52,275	16,226	449,868	121,576	579,776	531,798
Physical Plant								
Buildings & grounds		1,024,147	151,519	826	385,601	3,696	1,558,397	1,236,192
Steam Plant		56,648	7,272		22,612		86,532	84,761
Insurance					51,952		51,952	51,623
Security					29,324		29,324	33,673
Service Contracts					28,064		28,064	32,726
Property Taxes					1,888,592		1,888,592	1,879,853
Utilities					537,232	50,986	486,246	462,827
		1,080,795	158,791	826	2,943,377	54,682	4,129,107	3,781,655
Total Operating Expenses	$ 10,590,166	$ 5,956,023	$ 2,180,903	$ 654,328	$ 5,728,288	$ 990,627	$ 24,119,081	$ 22,864,117

Schedule 8

Brandon University

Detailed Schedule of Ancillary Operations
for the year ended March 31, 2000

	Pan Am Games	Bookstore	Food Services	Parking	Residence	Total 2000	Total 1999
Revenues							
Room and board fees	$	$	$ 619,551	$	$ 671,346	$ 1,290,897	$ 1,041,571
Conventions			44,398		28,507	72,905	110,765
Canteen and vending machines			223,905		6,044	229,949	209,215
Internal functions			69,682			69,682	62,732
Other	259,751	162,214	68,693	112,789	85,312	688,759	379,355
Book sales		1,183,937				1,183,937	1,049,922
Total Revenues	259,751	1,346,151	1,026,229	112,789	791,209	3,536,129	2,853,560
Expenses							
Salaries	44,739	165,396	463,814	45,961	318,382	1,038,292	959,104
Staff benefits	3,679	23,933	68,211	5,850	39,588	141,261	134,687
Cost of goods sold	56,348	975,499	416,682			1,448,529	1,274,562
Management fees			40,714			40,714	44,437
Supplies and other expenses	37,530	80,518	123,179	20,865	244,918	507,010	440,743
Rent		34,743				34,743	34,743
Utilities			62,569	3,745	177,439	243,753	250,923
Students' Union share of Bookstore profit		36,406				36,406	15,629
Total Expenses	142,296	1,316,495	1,175,169	76,421	780,327	3,490,708	3,154,828
Net Gain (Loss) from Operations before capital acquisitions and Specific Provision additions/purchases	117,455	29,656	(148,940)	36,368	10,882	45,421	(301,268)
Appropriated Specific Provision		6,749			20,790	27,539	62,725
Capital purchases & alterations			(21,458)		(43,562)	(65,020)	(62,408)
Net Gain/(Loss)	$ 117,455	$ 36,405	$ (170,398)	$ 36,368	$ (11,890)	$ 7,940	$ (300,951)

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the statement of financial position of the Centre Culturel Franco-Manitobain as at March 31, 2000 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

David Petrie

Winnipeg, Manitoba
May 30, 2000

David Petrie, CA
for the Provincial Auditor

CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Financial Position

March 31	2000	1999
Assets		
Current Assets		
Cash and bank	$ 12,907	$ 14,500
Grants receivable	60,960	54,924
Accounts receivable	53,340	79,681
Inventory	29,396	30,979
Prepaid expenses	10,551	12,021
	167,154	192,105
Non-Current Assets		
Accounts receivable – Province of Manitoba (Note 8)	31,300	31,300
Capital assets (Note 3)	147,343	54,843
	178,643	86,143
	$ 345,797	$ 278,248
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 79,503	$ 111,879
Deferred contributions (Note 4)	25,488	23,420
Rental and damage deposits	23,550	19,462
Capital lease obligation – current portion (Note 9)	13,512	-
	142,053	154,761
Non-Current Liabilities		
Severance pay benefits (Note 8)	25,529	26,000
Deferred contributions related to capital assets (Note 5)	93,292	74,843
Capital lease obligation (Note 9)	40,539	-
	159,360	100,843
	301,413	255,604
Fund Balances		
Unrestricted Funds		
Operations	24,482	(25,874)
Cultural Programs	19,902	48,518
	44,384	22,644
	$ 345,797	$ 278,248

Approved on behalf of the Board:

Director

Director

The accompanying notes are an integral part of these financial statements.

CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2000

	Operations	Cultural Programs	Capital	Fund Raising	Total 2000	Total 1999
Revenue						
Grants						
Government of Manitoba	$ 300,100	$ 40,580	$ 30,965	$ 9,000	$ 380,645	$ 424,064
Government of Canada	1,862	184,015	-	-	185,877	182,003
Miscellaneous	-	38,873	-	-	38,873	21,569
Bingos	-	-	-	12,000	12,000	13,650
Café Jardin	294,611	-	-	-	294,611	258,301
Admission fees	-	33,692	-	-	33,692	31,852
Hall and office rental (Note 10)	151,990	-	-	-	151,990	135,405
Administration fees	-	13,527	-	-	13,527	26,075
Technical services	29,948	-	-	-	29,948	31,114
Sale of office supplies	6,822	-	-	-	6,822	8,784
Commissions	19,648	2,912	-	-	22,560	14,038
Interest	3,633	1,147	-	-	4,780	6,341
Advertising	-	2,102	-	-	2,102	4,320
Corporate sponsorships and donations	820	13,967	-	325	15,112	7,365
Miscellaneous (Note 12)	55,801	724	-	400	56,925	65,141
	865,235	331,539	30,965	21,725	1,249,464	1,230,042
Expenditures						
Operations (Note 6)	561,719	381,249	-	-	942,968	822,865
Café Jardin	253,160	-	-	-	253,160	256,920
Repairs (Note 7)	-	-	13,272	-	13,272	90,159
Amortization of capital assets	-	-	17,693	-	17,693	12,855
Fundraising						
Bingos	-	-	-	120	120	580
Parasols	-	-	-	511	511	530
	814,879	381,249	30,965	631	1,227,724	1,183,929
Excess (deficiency) of revenue over expenditures	50,356	(49,710)	-	21,094	21,740	46,113
Fund balances, beginning of year	(25,874)	48,518	-	-	22,644	(23,469)
Interfund transfers	-	21,094	-	(21,094)	-	-
Fund balances, end of year	$ 24,482	$ 19,902	$ -	$ -	$ 44,384	$ (22,644)

The accompanying notes are an integral part of these financial statements.

CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Cash Flows

For the year ended March 31	2000	1999
Cash Flows Provided by (Used for) Operating Activities		
Excess of revenue over expenditures	$ 21,740	$ 46,113
Amortization of capital assets	17,693	12,855
Amortization of deferred contributions related to capital assets	(17,693)	(12,855)
Decrease in liability for severance pay benefits	(471)	(5,300)
Net change in non-cash working capital items		
Grants receivable	(6,036)	(23,104)
Accounts receivable	30,109	(7,488)
Inventory	1,583	514
Prepaid expenses	1,470	(406)
Accounts payable and accrued liabilities	(36,144)	13,405
Deferred contributions	2,068	(8,022)
Rental and damage deposits	4,088	7,437
Net cash inflows – Operating activities	18,407	23,149
Cash Flows Provided by (Used for) Financing and Investing Activities		
Purchase of capital assets	(31,142)	(13,912)
Contributions related to capital assets	36,142	33,912
Capital lease obligation	(25,000)	-
Net cash inflows (outflows) - Financing and Investing activities	(20,000)	20,000
Increase (decrease) in cash for the year	(1,593)	43,149
Cash and bank (bank indebtedness), beginning of year	14,500	(28,649)
Cash and bank, end of year	$ 12,907	$ 14,500

The accompanying notes are an integral part of these financial statements.

1. General Information

The Centre Culturel Franco-Manitobain was incorporated under Chapter C45 of the Statutes of the Province of Manitoba. The Corporation's objects are to maintain, encourage, foster and sponsor, by all means available, all types of cultural activities in the French language and to make French-Canadian culture known to all residents of the province.

2. Accounting Policies

a) Capital Assets

Acquired capital assets are stated at their acquisition cost less accumulated amortization and are amortized using the diminishing balance method at the following rates:

Technical equipment	20%
Computer equipment	30%
Kitchen equipment	20%
Cash registers	20%
Furniture and fixtures	20%
Security system	20%

b) Use of Building

The use of the building is accounted for as described in Note 10.

c) Recognition of Revenue

Grants received for specific projects are recognized as revenue in the year in which the related expenditures are incurred. The remaining balance of the grants is accounted for as deferred contributions in the statement of financial position. Unrestricted contributions are recognized as revenue when received or receivable.

d) Fund Balances

The financial resources of the Corporation are allocated to four funds corresponding to the Corporation's activities and objectives as follows:

Unrestricted Funds

Operations – Includes transactions related to the maintenance of facilities, the general operations of the Corporation and the Café Jardin.

Cultural Programs – Includes transactions related to the delivery of cultural programs as outlined in the objectives of the Corporation. Annually, the Corporation determines the value of the space used for cultural programs based on the rate normally charged to other tenants and charges this amount to the Cultural Programs Fund (see Note 6) ($14,512 in 1999).

2. Accounting Policies (continued)

Restricted Funds
Capital – Involves external restrictions and is used for recording major repairs related to the building's operations as well as the amortization of capital assets.

Fundraising – Includes transactions related to fundraising activities. The fund balance must be used to subsidize cultural activities and is included in the interfund transfers.

e) **Inventory**
Inventory is valued at the lower of cost, using the first in first out method, and net realizable value.

3. Capital Assets

	2000		1999	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Technical equipment	$ 111,190	$ 74,541	$ 97,628	$ 65,379
Computer equipment	110,151	27,630	31,100	26,143
Kitchen equipment	18,771	7,767	18,771	5,016
Cash registers	5,200	3,707	5,200	3,334
Furniture and fixtures	3,000	1,387	3,000	984
Security System	17,580	3,517	-	-
	$ 265,892	$ 118,549	$ 155,699	$ 100,856
Net book value		$ 147,343		$ 54,843

4. Deferred Contributions

Deferred contributions represent unspent resources received during the year related to matching expenditures of subsequent periods.

	2000	1999
Balance, beginning of year	$ 23,420	$ 31,442
Grants received during the year	25,187	97,929
Less amounts recognized as revenue during the year		
Operations	(9,847)	(15,792)
Repairs	(13,272)	(90,159)
Balance, end of year	$ 25,488	$ 23,420

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of grants received with which capital assets have been purchased and grants received with which capital assets will be purchased.

	2000	1999
Unamortized grants received for capital assets purchased	$ 93,292	$ 54,843
Grant for security system addition to be purchased	-	20,000
Balance, end of year	$ 93,292	$ 74,843

Changes in deferred contributions related to capital assets are as follows:

	2000	1999
Balance, beginning of year	$ 74,843	$ 53,786
Grants received during the year	36,142	33,912
Amount amortized to revenue	(17,693)	(12,855)
Balance, end of year	$ 93,292	$ 74,843

6. Operations Fund and Cultural Programs Fund Expenditures

	2000			1999
	Operations	Cultural Programs	Total	Total
Salaries and benefits (Note 12)	$ 352,646	$ 148,854	$ 501,500	$ 476,752
Employment contracts	28,487	123,985	152,472	104,903
Pension	6,717	2,163	8,880	11,907
Utilities (Note 12)	95,017	-	95,017	85,146
Equipment rentals and maintenance	26,754	6,550	33,304	26,667
Office expenses	10,824	12,571	23,395	23,849
Internal rental	(13,360)	13,360	-	-
Equipment purchase	682	-	682	356
Supplies	22,530	13,579	36,109	17,540
Meetings and travel	3,882	9,686	13,568	17,714
Advertising and promotion	7,861	24,676	32,537	30,280
Professional fees	2,650	2,725	5,375	5,074
Insurance and permits	5,487	6,909	12,396	11,009
Training	425	400	825	160
Bad debts	90	-	90	3,952
Bank charges and interest	3,772	1,189	4,961	2,864
Signage	-	8,905	8,905	-
Miscellaneous	7,255	5,697	12,952	4,712
	$ 561,719	$ 381,249	$ 942,968	$ 822,885

7. Repairs

	2000	1999
Tables and Chairs	$ 5,237	$ -
Technical equipment	2,427	16,954
Miscellaneous	1,878	471
Roof repairs	1,800	36,758
Landscaping	771	-
Ventilation system	742	2,683
Computer	417	-
Lighting	-	18,708
Carpet	-	14,585
	$ 13,272	$ 90,159

8. Severance Pay Benefits

Effective, April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the method of calculation set by the Province of Manitoba.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 15 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable of $31,300 from the Province of Manitoba, which is an amount that is equal to the estimated liability for accumulated severance pay benefits at March 31, 1998.

This receivable from the Province of Manitoba has no terms of repayment and accordingly, the amount of this receivable will remain fixed at $31,300.

9. Capital Lease Obligation

The following is a schedule of minimum lease payments under a capital lease for computer equipment. The lease expires in March, 2004.

2001	$ 15,477
2002	15,477
2003	15,477
2004	15,477
Total minimum lease payments	61,908
Less amount representing interest	7,857
Present value of capital lease payments	54,051
Lease current portion included in current liabilities	13,512
Obligation under capital lease	$ 40,539

10. Use of Building

The building used by the Corporation is owned by the Province of Manitoba and is made available to the Corporation rent-free. The Corporation is responsible for all operating and maintenance costs except for third party liability insurance, which is provided by the Province.

The Corporation charges rent to all tenants, groups and organization that make use of the building. This rental revenue is retained by the Corporation and recorded as revenue in the Operations Fund, thereby reducing the Corporation's reliance on funding from the Province.

11. Financial Instruments

The financial instruments consist of cash, grants receivable, accounts receivable, accounts payable and accrued liabilities. It is the management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

12. Centre du Patrimoine

The Centre Culturel Franco-Manitobain has completed the terms of an agreement with la Société Historique de Saint-Boniface (SHSB) to jointly manage the planning, financing and construction of an archival centre. Construction of the archival centre is now complete. The costs of the archival centre, which opened on September 25, 1998, were funded equally by the Governments of Canada and Manitoba. Ownership of the centre is that of the Province of Manitoba.

The Centre Culturel Franco-Manitobain pays utility and maintenance costs related to the archival centre. Those utility and maintenance costs are recorded in utilities and salaries and benefits expenditures (Note 6). The Corporation recovers the utility and maintenance costs from the SHSB. Those recoveries are recorded in miscellaneous revenue and amount to $47,971 in 2000 ($49,066 in 1999).

13. Uncertainty Due to the Year 2000 Issues

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the company, including those related to customers, suppliers, or other third parties, have been fully resolved.

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of Child and Family Services of Central Manitoba as at March 31, 2000 and the statements of operations and changes in fund balances and statement of changes in cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2000 and the results of its operations and the changes in cash flows for the year then ended in accordance with generally accepted accounting principles.

Chapman + Verwey

Chartered Accountants

Portage la Prairie, Manitoba

May 17, 2000

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Statement of Financial Position

March 31, 2000, with comparative figures for 1999

	Central Program Support Fund	Ward Care Fund	Family Support Innovation Fund	Adoptions Program Fund	Capital Fund	Total 2000	Total 1999
Assets							
Current assets:							
Cash and short-term investments	$ 177,317	$ –	$ –	$ –	$ –	$ 177,317	$ 58,631
Accounts receivable	9,988	1,328	–	–	–	11,316	22,733
Receivable from Child and Family Services of Central Manitoba Foundation Inc.	8,079	–	–	–	5,018	13,097	12,014
Receivable from Department of Family Services and Housing (note 3)	121,090	30,126	–	–	–	151,216	364,663
Prepaid expenses	35,966	190	–	–	–	36,156	33,258
Inter-fund balances	(589,926)	499,780	45,302	38,387	6,457	–	–
	(237,486)	531,424	45,302	38,387	11,475	389,102	491,299
Investments, at cost	21,600	–	–	–	–	21,600	128,400
Capital assets (note 4)	–	–	–	–	566,581	566,581	579,769
	$ (215,886)	$531,424	$ 45,302	$ 38,387	$ 578,056	$ 977,283	$1,199,468
Liabilities and Fund Balances							
Current liabilities:							
Bank indebtedness (note 5)	$ 57,489	$ –	$ –	$ –	$ –	$ 57,489	$ 266,647
Accounts payable and accrued liabilities	77,124	15,090	–	–	–	92,214	84,129
Accrued vacation pay entitlement	121,090	–	–	–	–	121,090	123,613
Child care advance	–	–	–	–	–	–	57,600
Current portion of long-term debt	–	–	–	–	21,900	21,900	21,000
	255,703	15,090	–	–	21,900	292,693	552,989
Long-term debt (note 6)	–	–	–	–	27,945	27,945	49,364
Deferred contributions (note 7 & 8)	–	–	45,302	38,387	356,466	440,155	435,075
Fund balances:							
Invested in net capital assets	–	–	–	–	171,745	171,745	172,262
Externally restricted	–	516,334	–	–	–	516,334	207,750
Unrestricted	(471,589)	–	–	–	–	(471,589)	(217,972)
	(471,589)	516,334	–	–	171,745	216,490	162,040
Lease commitments (note 9)							
Contingency (note 10)							
	$ (215,886)	$531,424	$ 45,302	$ 38,387	$ 578,056	$ 977,283	$1,199,468

See accompanying notes to financial statements.

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2000, with comparative figures for 1999

	Central Program Support Fund	Ward Care Fund	Family Support Innovation Fund	Adoptions Program Fund	Capital Fund	Total 2000	Total 1999
Revenues:							
Provincial Government funding	$ 1,799,513	$1,498,769	$ –	$ –	$ 5,003	$3,303,285	$3,211,566
Interest income	14,425	–	–	–	–	14,425	11,764
Contributions from parents	–	5,343	–	–	–	5,343	5,462
Contribution from Child and Family Services of Central Manitoba Foundation Inc.	2,797	–	–	–	–	2,797	4,069
Amortization of deferred contributions (notes 7 & 8)	–	–	77,510	68,959	13,270	159,739	153,183
Other	4,635	3,628	–	–	–	8,263	5,119
	1,821,370	1,507,740	77,510	68,959	18,273	3,493,852	3,391,163
Expenditures:							
Salaries and benefits	1,690,058	55,520	66,890	58,197	–	1,870,665	1,790,016
Travel and other field service costs	107,049	55,499	10,620	10,762	–	183,930	174,820
Office maintenance	43,837	–	–	–	–	43,837	46,138
Office operations	132,241	–	–	–	100	132,341	130,459
Service support	86,747	–	–	–	–	86,747	81,289
Board support	9,230	–	–	–	–	9,230	6,764
Ward care expenditures	–	1,088,137	–	–	–	1,088,137	1,261,668
Amortization of capital assets	–	–	–	–	19,512	19,512	19,196
Mortgage interest	–	–	–	–	5,003	5,003	5,753
	2,069,162	1,199,156	77,510	68,959	24,615	3,439,402	3,516,105
Excess (deficiency) of revenues over expenditures, prior to other income	(247,792)	308,584	–	–	(6,342)	54,450	(124,942)
Other income:							
Provincial Government deficit relief funding	–	–	–	–	–	–	124,942
Excess (deficiency) of revenues over expenditures	(247,792)	308,584	–	–	(6,342)	54,450	–
Fund balances (deficit), beginning of year	(217,972)	207,750	–	–	172,262	162,040	162,040
Inter-fund transfers:							
Family Support Fund balance	(5,825)	–	–	–	5,825	–	–
Fund balance (deficit), end of year	$ (417,589)	$ 516,334	$ –	$ –	$ 171,745	$ 216,490	$ 162,040

See accompanying notes to financial statements.

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Statement of Changes in Cash Flows

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	$ 54,450	$ –
Items not involving cash:		
Amortization of capital assets	19,512	19,196
Amortization of deferred contributions	(13,270)	(12,739)
Loss on disposal of capital assets	100	–
	60,792	6,457
Change in non-cash operating working capital:		
Accounts receivable	11,417	(5,662)
Receivable from Child and Family Services of Central Manitoba Foundation Inc.	(1,083)	(9,687)
Receivable from Department of Family Services and Housing	213,447	(202,739)
Prepaid expenses	(2,898)	(7,944)
Accounts payable and accrued liabilities	8,085	4,686
Accrued vacation pay entitlement	(2,523)	16,405
Child care advance	(57,600)	–
	229,637	(198,484)
Financing and investing activities:		
Additions to capital assets	(6,674)	–
Proceeds from disposal of capital assets	250	–
Mortgage principal repayments	(20,519)	(19,534)
Addition to mortgage	–	5,617
Additions to investments	–	(6,600)
Disposals of investments	106,800	–
Increase in deferred contributions	18,350	21,991
	98,207	1,474
Increase (decrease) in cash position	327,844	(197,010)
Cash position, beginning of year	(208,016)	(11,006)
Cash position, end of year	$ 119,828	$ (208,016)
Cash position is comprised of:		
Cash and short-term investments	$ 177,167	$ 58,631
Cheques issued in excess of funds on deposit	(57,339)	(266,647)
	$ 119,828	$ (208,016)

See accompanying notes to financial statements.

1. **General:**

The Agency is incorporated under the laws of Manitoba as The Children's Aid Society of Central Manitoba and operates under the name of Child and Family Services of Central Manitoba, providing child and family services to those in need in the central region of Manitoba. The Agency is a registered charitable Agency under the Income Tax Act.

2. **Significant accounting policies:**

The Agency follows the deferral method of accounting for contributions.

(a) Management estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(b) Fund accounting:

Revenues and expenditures related to program delivery and administrative activities are reported in the Central / Program Support Fund.

Revenues and expenditures directly related to children in care and children not in care are reported in the Ward Care Fund.

Any revenues in excess of expenditures in the Ward Care Fund are restricted for ward care purposes unless prior approval is received from the Province of Manitoba.

Revenues and expenditures related to the Family Support Innovations Program and to the Adoption Program are reported in the Family Support Innovations Fund and the Adoptions Program Fund respectively.

The Capital Fund reports the assets, liabilities, revenues and expenditures related to the Agency's capital assets.

(c) Revenue recognition:

Restricted contributions are deferred and recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Central / Program Support Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, which for buildings is 50 years and for equipment is 5 years. Amortization expense is reported in the Capital Fund.

(e) Investments:

Investments are recorded at the lower of cost and market value.

Investment income earned is unrestricted and is recorded in the Central / Program Support Fund.

(f) Contributed services:

Volunteers contribute numerous hours annually to assist the Agency in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Vacation entitlement:

Vacation entitlement is recorded in the period that the service to which it relates is provided. Accrued vacation entitlement is recorded to the extent that a vacation entitlement liability exists at the period end.

Funding for the vacation entitlement is accrued in the period that the vacation entitlement is accrued. To the extent that this vacation entitlement funding has not been received by the period end, it is recorded as a receivable from the Department of Family Services.

3. Receivable from Department of Family Services and Housing:

	2000	1999
Central / Program Support Fund:		
Accrued vacation pay entitlement	$ 121,090	$ 123,613
Staff secondment	–	15,642
Recovery of exceptional costs	–	10,008
Deficit relief funding	–	124,942
	121,090	274,205
Ward Care Fund:		
Ward care billings	–	82,953
Provincial Child Tax Benefit Overpayment	14,290	–
Recovery of exceptional costs	15,836	7,505
	30,126	90,458
	$ 151,216	$ 364,663

4. Capital assets:

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Land	$ 8,172	$ –	$ 8,172	$ 8,172
Building	781,948	232,705	549,243	564,923
Furniture and equipment	39,506	33,669	5,837	6,674
Leasehold improvements	3,504	175	3,329	–
	$ 833,130	$ 266,549	$ 566,581	$ 579,769

5. Bank indebtedness:

The Agency has assigned to the Canadian Imperial Bank of Commerce collateral of $690,000 through a funding agreement between the Government of Manitoba Family Services and Housing and the Agency as security on the bank indebtedness balance.

6. Long-term debt:

	2000	1999
8.6% Child and Family Services of Central Manitoba Foundation Inc. mortgage, payable $2,107 monthly, including principal and interest, maturing April 2002, secured by land and building and assignment of fire insurance	$ 49,845	$ 70,364
Principal included in current liabilities	21,900	21,000
	$ 27,945	$ 49,364

Principal due within each of the next three years is approximately as follows:

2001	$ 21,900
2002	23,800
2003	4,145

Child and Family Services of Central Manitoba and Child and Family Services of Central Manitoba Foundation Inc. are related by virtue of a common Board of Directors.

7. Deferred contributions:

Deferred contributions reported in the Family Support Innovation Fund and in the Adoptions Program Fund relate to restricted contributions which have not yet been disbursed for their intended purpose.

Changes in the deferred contributions balances reported are as follows:

	Family Support Innovations Fund	Adoptions Program Fund	2000	1999
Balance, beginning of year	$ 52,112	$ 33,745	$ 85,857	$ 83,401
Add restricted contributions received in the year	70,700	73,600	144,300	142,900
Less amount recognized as revenue in the year	77,510	68,958	146,468	140,444
Balance, end of year	$ 45,302	$ 38,387	$ 83,689	$ 85,857

8. Deferred contributions related to capital assets:

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions relating to the Agency's furniture and equipment and building.

Changes in the deferred contributions balance reported in the Capital Fund are as follows:

	2000	1999
Balance, beginning of year	$ 349,218	$ 342,422
Add restricted contributions received in the year and not yet disbursed	20,463	19,535
Less amount recognized as revenue in the year	13,215	12,739
	$ 356,466	$ 349,218

9. Lease commitments:

The Agency leases vehicles under long-term operating leases which expire May 2001. The minimum lease payments due on these operating leases in the next two years is approximately as follows:

2001	$ 38,580
2002	6,430

The Agency leases office premises and certain equipment under an operating lease which expires between January 2001 and August 2004. The following is a schedule of future minimum lease payments due in each of the next five years under this lease:

2001	$ 22,000
2002	23,000
2003	15,000
2004	8,000
2005	3,500

10. Contingency:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspect of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties have been fully resolved.

11. Financial Instrument:

Fair value:

Due to the short-term nature of all financial instruments other than long-term debt and investments, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so, any difference would be accounted for in the period in which it becomes known. For long-term debt and investments, it is not practical within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

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AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Directors
Child and Family Services of Central Manitoba

We have audited and reported separately herein on the financial statements of Child and Family Services of Central Manitoba as at and for the year ended March 31, 2000.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Agency taken as a whole. The supplementary information included in schedules 1 through 4 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chapman + Verwey

Chartered Accountants

Portage la Prairie, Manitoba

May 17, 2000

Schedule 1

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Central/Program Support Fund

Year ended March 31, 2000, with comparative figures for 1999

	2000 Budget	 Actual	1999 Actual
Revenue:			
Provincial Government funding	$ 1,824,800	$ 1,799,513	$ 1,705,513
Interest	4,000	14,425	11,764
Contribution from Child and Family Services of Central Manitoba Foundation Inc.	–	2,797	4,069
Funding from other sources	3,500	4,635	728
	1,832,300	1,821,370	1,722,074
Expenditures:			
Salaries and staff benefits:			
Salaries	1,436,487	1,559,732	1,451,703
Canada pension plan	35,302	40,354	36,191
Company pension plan	55,248	51,808	49,175
Dental and health plans	56,299	49,978	39,016
Payroll tax	21,968	15,866	33,540
Group insurance	4,670	3,650	3,161
Employment insurance	47,867	43,368	47,867
Vacation entitlement	–	(2,523)	16,405
Workers compensation	7,831	7,215	7,906
	1,665,672	1,769,448	1,684,964
Ward care Agency foster parent training funding	–	–	(14,000)
Vacation entitlement funding	–	2,523	(16,405)
Salary secondment funding	–	(81,913)	(58,100)
	1,665,672	1,690,058	1,596,459
Field service costs:			
Car operations	38,800	42,584	42,183
Traveling	9,500	8,103	10,301
Vehicle leasing	31,572	33,252	29,842
Fleet costs	31,240	23,110	20,983
	111,112	107,049	103,309
Office maintenance:			
Repairs and upkeep	10,868	3,984	8,322
Fire and liability insurance	5,931	5,876	5,643
Utilities	12,398	10,037	10,114
Janitor supplies	1,648	3,137	2,035
Taxes	20,742	20,803	20,024
	51,587	43,837	46,138
Carried forward	1,828,371	1,840,944	1,745,906

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Central/Program Support Fund

Year ended March 31, 2000, with comparative figures for 1999

	2000		1999
	Budget	Actual	Actual
Brought forward	1,828,371	1,840,944	1,745,906
Expenditures (continued):			
Office operations:			
Audit and accounting	9,827	10,895	17,589
Data processing	10,000	11,285	9,339
Equipment leasing	7,000	6,952	4,569
Field offices	51,178	53,932	50,621
Interest and bank charges	–	1,704	1,779
Miscellaneous	1,800	1,277	1,819
Office supplies	500	–	462
Postage	3,500	4,320	3,179
Repairs and maintenance	1,000	102	258
Supplies	10,000	10,827	8,232
Telephone and fax	52,147	30,947	32,612
	146,952	132,241	130,459
Service support:			
Advertising, employment	500	286	197
Bonding	648	635	630
Legal	50,000	39,397	42,202
Professional consultation	34,000	43,205	33,109
Training	5,000	3,224	5,151
	90,148	86,747	81,289
Board support:			
Advertising	800	58	813
Annual and other public meetings	600	1,425	577
Board training	500	1,414	13
Board travel	2,195	3,068	2,162
Liability insurance	3,394	3,265	3,199
	7,489	9,230	6,764
	2,072,960	2,069,162	1,964,418
Excess expenditures over revenue	$ (240,660)	$ (247,792)	$ (242,344)

Schedule 2

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Ward Care Fund

Year ended March 31, 2000, with comparative figures for 1999

	2000		1999
	Budget	Actual	Actual
Revenue:			
Province of Manitoba:			
Maintenance	$ 861,500	$ 903,469	$ 908,400
Special needs	497,800	497,800	496,300
Family support and homemaker service	97,500	97,500	95,600
	1,456,800	1,498,769	1,500,300
Parents	5,500	5,343	5,462
Other	4,000	3,628	4,391
	1,466,300	1,507,740	1,510,153
Expenditures:			
Activities	15,000	15,806	17,980
Day-care	–	5,113	3,552
Education and school supplies	10,000	14,502	8,477
Family support and homemaker service	113,500	96,596	94,552
Foster parent training	17,500	2,190	15,540
Gifts	9,000	7,492	8,640
Maintenance:			
Emergency homes	27,000	20,230	20,770
Foster homes:			
Regular rate	705,000	550,638	656,756
Special rate	450,000	378,202	445,762
Other	7,000	2,346	6,539
Medical	4,000	2,735	2,909
Personal allowance	–	36,614	42,089
Summer camp	10,400	10,084	8,020
Transitional funds	3,000	510	2,944
Travel and other	45,000	56,098	51,764
	1,416,400	1,199,156	1,386,294
Excess of revenue	$ 49,900	$ 308,584	$ 123,859

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Family Support Innovations Fund

Year ended March 31, 2000, with comparative figures for 1999

	2000		1999
	Budget	Actual	Actual
Revenue:			
Provincial Government Funding (note 7)	$ 70,700	$ 77,510	$ 74,577
Expenditures:			
Salaries	57,515	61,421	57,515
Company pension plan	1,350	1,962	1,275
Staff insurance	150	71	88
Other benefits	5,114	3,436	4,688
Travel and other	9,650	10,620	11,011
	73,779	77,510	74,577
Deficiency of revenue over expenditures	$ (3,079)	$ –	$ –

CHILD AND FAMILY SERVICES OF CENTRAL MANITOBA

Schedule of Revenue and Expenditures

Adoptions Program Fund

Year ended March 31, 2000, with comparative figures for 1999

	2000		1999
	Budget	Actual	Actual
Revenue:			
Provincial Government Funding (note 7)	$ 73,600	$ 68,959	$ 65,867
Expenditures:			
Salaries	52,170	52,441	52,170
Company pension plan	2,180	4,215	2,171
Staff insurance	115	10	111
Other benefits	2,679	1,531	2,679
Travel and other	9,000	10,762	8,736
	66,144	68,959	65,867
Excess of revenue	$ 7,456	$ –	$ –

Sill & Company
Chartered Accountants

AUDITORS' REPORT

TO BOARD OF DIRECTORS
CHILD & FAMILY SERVICES OF WESTERN MANITOBA:

We have audited the statement of financial position of **CHILD & FAMILY SERVICES OF WESTERN MANITOBA** as at **MARCH 31, 2000** and the statements of surplus and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at **MARCH 31, 2000** and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Sill & Company

CHARTERED ACCOUNTANTS

Brandon, Manitoba
April 20, 2000

117 – 10th Street
Brandon, MB R7A 4E7
Tel: (204) 727-0671
1 800 775-3328
Fax: (204) 726-4580
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Thomas Sill C.A.
(1927-1986) Founder

Partners
W.D. Bodman C.A.
K.W. Grower F.C.A.
S.G. Andrew C.A.
F.A. Wiebe C.A.
N. Fry C.A.
W.W. Findlater C.A.
R.J. Martens C.A.
T.R. McKim F.C.A.
D.L. Anderson C.A.
A.A. DeVliegere C.A.
R.W. Westfall C.A.
G.J. Meger C.A.
M.J. Mills C.A.
D.J. Einarson C.A.
R.A. Lawrence C.A.

Consultants
N. Fiske F.C.A.
R. Falk F.C.A.
K.M. McLean C.A.
M.A. Malardrewicz F.C.A.

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
Year ended March 31, 2000

		2000	1999
ASSETS			
CURRENT			
Cash	$	318,942	402,958
Term deposits		239,372	429,000
Accounts receivable		251,788	218,871
Prepaid expenses			3,000
Employees' Trust Certicicates		1,200	6,201
Discounted certificates		8,199	7,739
		819,501	1,067,769
CAPITAL ASSETS (Notes 3 and 4)		2,343,931	2,391,818
	$	3,163,432	3,459,587

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
Year ended March 31, 2000

		2000	1999
LIABILITIES			
CURRENT			
Deferred revenue	$	7,181	1,826
Working capital advance		28,300	102,700
Accounts payable		93,826	38,506
Current portion of long-term debt		13,307	12,356
Funds held in trust		6,329	11,483
Employees' Trust Certificates		8,199	7,739
		157,142	174,610
LONG-TERM DEBT - BUILDING (Note 5)		762,491	775,797
SPECIAL ALLOWANCE TRUST FUND		122,725	115,777
		1,042,358	1,066,184
SURPLUS (DEFICIT)			
Operating Fund		185,446	378,709
Capital Fund		1,568,133	1,603,665
Trust Fund		367,495	411,029
		2,121,074	2,393,403
	$	3,163,432	3,459,587

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - OPERATING FUND
Year ended March 31, 2000

	2000	1999
ASSETS		
CURRENT		
Cash	$ 145,563	211,305
Term deposits	10,000	100,000
Accounts receivable	246,190	207,436
Prepaid expenses		3,000
	$ 401,753	521,741

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - OPERATING FUND
Year ended March 31, 2000

	2000	1999
LIABILITIES		
CURRENT		
Deferred revenue	$ 7,181	1,826
Working capital advance	28,300	102,700
Accounts payable	93,826	38,506
Due to Endowment Fund	87,000	
	216,307	143,032
SURPLUS (DEFICIT)		
Central program support	(234,271)	(86,558)
Resource Centre	3,674	
Family support services	28,456	19,817
Child maintenance	289,041	362,301
McVicor street		
Residential Care	52,319	41,676
Child abuse project		
Adoptive families project	6,580	4,771
Parenting skills project	(8,470)	2,010
Intensive crisis intervention	18,803	18,803
Pre-school enrichment		
Victoria Day Care	26,063	14,873
Early Start project	3,251	
P.A.C.R.		1,016
	185,446	378,709
	$ 401,753	521,741

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - TRUST FUND
Year ended March 31, 2000

		2000	1999
ASSETS			
CURRENT			
Cash	$	173,379	191,653
Term deposits		229,372	329,000
Accounts receivable		5,598	11,435
Due from Operating Fund		87,000	
Employees' Trust Certificates		1,200	6,201
Discounted certificate		8,199	7,739
	$	504,748	546,028

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - TRUST FUND
Year ended March 31, 2000

	2000	1999
LIABILITIES		
CURRENT		
Funds held in trust - clients	$ 4,656	9,464
Discounted certificate	8,199	7,739
Client trust certificates	1,673	2,019
	14,528	19,222
SPECIAL ALLOWANCE TRUST FUND	122,725	115,777
	137,253	134,999
SURPLUS		
Surplus - Staff gift fund	1,650	2,532
Surplus - Sun fund	5,590	5,334
Surplus - Facility account	82,679	134,887
Surplus - Holding account	19,615	16,963
Surplus - Other trust accounts	19,560	23,977
Surplus - Endowment fund	238,401	227,273
Surplus - New main office building		63
	367,495	411,029
	$ 504,748	546,028

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CAPITAL FUND
Year ended March 31, 2000

	2000	1999
ASSETS		
CAPITAL ASSETS (Notes 3 and 4)	$ 2,343,931	2,391,818
LIABILITIES		
CURRENT		
Current portion of long-term debt	13,307	12,356
LONG-TERM DEBT - BUILDING (Note 5)	762,491	775,797
	775,798	788,153
SURPLUS		
INVESTMENT IN CAPITAL ASSETS, per schedule	1,568,133	1,603,665
	$ 2,343,931	2,391,818

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - OPERATING FUND
Year ended March 31, 2000

		2000	1999
CENTRAL PROGRAM SUPPORT			
DEFICIT, BEGINNING OF YEAR	$	(86,558)	(14,061)
Deficit for year		(234,271)	(86,558)
Deficit transfer		86,558	14,061
DEFICIT, END OF YEAR	$	(234,271)	(86,558)
RESOURCE CENTRE			
SURPLUS, BEGINNING OF YEAR	$		
Deficit for year		3,674	
DEFICIT, END OF YEAR	$	3,674	
FAMILY SUPPORT SERVICES			
SURPLUS, BEGINNING OF YEAR	$	19,817	15,852
Surplus for year		8,639	3,965
SURPLUS, END OF YEAR	$	28,456	19,817
CHILD MAINTENANCE OPERATIONS			
SURPLUS, BEGINNING OF YEAR	$	362,301	341,256
Surplus (deficit) for year		12,277	35,106
Surplus transfer		(85,537)	(14,061)
SURPLUS, END OF YEAR	$	289,041	362,301
RESIDENTIAL CARE			
SURPLUS, BEGINNING OF YEAR	$	41,676	55,380
Surplus (deficit) for year		10,643	(13,704)
SURPLUS, END OF YEAR	$	52,319	41,676
ADOPTIVE FAMILIES PROJECT			
SURPLUS, BEGINNING OF YEAR	$	4,771	4,771
Surplus for year		1,809	
SURPLUS, END OF YEAR	$	6,580	4,771

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - OPERATING FUND
Year ended March 31, 2000

		2000	1999
PARENTING SKILLS PROJECT			
SURPLUS, BEGINNING OF YEAR	$	2,010	
Surplus for year		(10,480)	2,010
SURPLUS, END OF YEAR	$	(8,470)	2,010
INTENSIVE CRISIS INTERVENTION PROJECT			
SURPLUS, BEGINNING OF YEAR	$	18,803	17,716
Surplus for year			1,087
SURPLUS, END OF YEAR	$	18,803	18,803
VICTORIA DAY CARE			
SURPLUS, BEGINNING OF YEAR	$	14,873	25,688
Deficit for year		11,190	(10,815)
SURPLUS, END OF YEAR	$	26,063	14,873
EARLY START PROJECT			
BALANCE, BEGINNING OF YEAR	$		
Surplus for year		3,251	
SURPLUS, END OF YEAR	$	3,251	
P.A.C.R.			
SURPLUS, BEGINNING OF YEAR	$	1,016	1,016
Surplus transfer		(1,016)	
SURPLUS, END OF YEAR	$		1,016

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF INVESTMENT IN CAPITAL ASSETS - CAPITAL FUND
Year ended March 31, 2000

	2000	1999
INVESTMENT IN CAPITAL ASSETS, BEGINNING OF YEAR	$ 1,603,665	1,608,533
Principle payments on mortgage made by operating fund	12,356	15,904
Capital assets purchased by Operating Fund and Trust Fund	72,556	65,164
Capital assets purchased by Capital Fund	4,024	41,422
	1,692,601	1,731,023
Amortization for the year	124,468	127,358
INVESTMENT IN CAPITAL ASSETS, END OF YEAR	$ 1,568,133	1,603,665

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - TRUST FUND
Year ended March 31, 2000

		2000	1999
STAFF GIFT FUND			
SURPLUS, BEGINNING OF YEAR	$	2,532	1,604
Surplus (deficit) for year		(882)	928
SURPLUS, END OF YEAR	$	1,650	2,532
SUN FUND			
SURPLUS, BEGINNING OF YEAR	$	5,334	5,996
Surplus (deficit) for year		256	(662)
SURPLUS, END OF YEAR	$	5,590	5,334
FACILITY FUND OPERATIONS			
SURPLUS, BEGINNING OF YEAR	$	134,887	147,949
Deficit for year		(52,208)	(13,062)
SURPLUS, END OF YEAR	$	82,679	134,887
HOLDING ACCOUNT OPERATIONS			
SURPLUS, BEGINNING OF YEAR	$	16,963	82,497
Surplus (deficit) for year		2,652	(65,534)
SURPLUS, END OF YEAR	$	19,615	16,963
OTHER TRUST ACCOUNTS			
SURPLUS, BEGINNING OF YEAR	$	23,977	24,999
Deficit for year		(4,417)	(1,022)
SURPLUS, END OF YEAR	$	19,560	23,977
ENDOWMENT FUND			
SURPLUS, BEGINNING OF YEAR	$	227,273	262,470
Surplus (deficit) for year		11,128	(35,197)
SURPLUS, END OF YEAR	$	238,401	227,273

STATEMENT OF SURPLUS (DEFICIT) - TRUST FUND
Year ended March 31, 2000

		2000	1999
NEW MAIN OFFICE BUILDING			
DEFICIT, BEGINNING OF YEAR	$	63	(4,651)
Deficit for year		(63)	(43,348)
Mortgage advances			48,062
SURPLUS, END OF YEAR	$		63

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - COMBINED - OPERATING FUND
Year ended March 31, 2000

			1999
	Budget Unaudited	Actual	Actual
REVENUE			
Central program	$ 3,163,542	3,046,392	2,880,440
Resource Centre	233,091	226,138	237,747
Family support services	362,160	373,632	374,773
Child maintenance	1,865,618	1,942,487	1,878,087
McVicor street	80,124	91,354	73,248
Residential Care	761,886	793,164	739,538
Child abuse project	81,194	80,764	76,569
Adoptive families project	49,224	46,200	46,200
Parenting skills project	65,332	54,500	22,750
Intensive crisis intervention project			31,750
Pre-school enrichment	198,407	193,407	175,682
Victoria day care	282,350	287,193	275,064
Early start	107,000	107,155	118,151
	7,249,928	7,242,386	6,929,999
EXPENSES			
Central program	3,368,749	3,235,164	2,930,055
Resource Centre	233,091	221,547	237,747
Family support services	362,160	364,993	370,808
Child maintenance	1,887,106	1,930,210	1,842,981
McVicor street	80,124	91,354	73,248
Residential Care	774,460	780,148	753,242
Child abuse project	81,194	80,764	76,569
Adoptive families project	49,225	44,391	46,200
Parenting skills project	65,332	64,980	20,740
Intensive crisis intervention project			30,663
Pre-school enrichment	198,407	193,407	175,682
Victoria day care	281,028	276,003	283,024
Early start	107,000	103,904	114,727
	7,487,876	7,386,865	6,955,686
DEFICIT BEFORE TRANSFER TO CAPITAL FUND	(237,948)	(144,479)	(25,687)
Transfer to Capital Fund		48,789	43,222
DEFICIT ON OPERATING FUND OPERATIONS FOR YEAR	$ (237,948)	(193,268)	(68,909)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - CENTRAL PROGRAM SUPPORT - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Grants, Province of Manitoba	$ 2,754,000	2,754,000	2,613,600
Residential Care contract fees	47,294	47,294	44,084
Rebates and interest	17,000	20,079	30,585
Facility	20,000	4,471	
Secondment costs	46,171	54,558	31,163
School Division revenue	86,524	74,637	83,094
Adoption fees	15,000	13,626	
Community Campaign	8,000	8,000	10,000
Miscellaneous	9,000	5,890	11,200
Program Administration revenue	22,500	24,108	20,452
Foundation Transfer Central Program	39,094	38,449	35,907
Centennial		1,280	
Rural programs			355
Loan proceeds	98,959		
	3,163,542	3,046,392	2,880,440
EXPENDITURES, per schedule			
Salaries, fees and related expenses	2,776,207	2,733,234	2,442,086
Field service	139,051	103,482	118,100
Office operation	129,154	123,239	113,364
Professional services	62,850	58,749	60,139
Staff development	8,500	3,989	6,362
Board expenses	9,000	9,444	8,433
Other expenses	76,075	52,463	39,093
Other Centres	55,028	56,191	55,028
Main office operations	112,884	94,373	87,450
	3,368,749	3,235,164	2,930,055
DEFICIT BEFORE TRANSFER TO CAPITAL FUND	(205,207)	(188,772)	(49,615)
Transfer to Capital Fund		45,499	36,943
DEFICIT ON CENTRAL PROGRAM SUPPORT FOR YEAR	$ (205,207)	(234,271)	(86,558)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND

Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
SALARIES, FEES AND RELATED EXPENSES			
Central support services	$ 153,000	148,192	146,776
Administration salaries	309,809	308,196	288,467
Supervisor salaries	374,977	374,991	353,481
Direct service - professionals	1,436,569	1,437,664	1,335,956
Payroll tax	49,520	50,661	48,359
Central program benefits	303,894	282,799	269,047
Severence package	148,438	130,731	
	2,776,207	2,733,234	2,442,086
FIELD SERVICE COSTS			
Car operation	40,000	38,268	40,144
Private mileage	35,000	34,084	32,285
Travelling	12,750	11,760	11,791
Car insurance	19,144	19,370	17,963
Car replacement	32,157		15,917
	139,051	103,482	118,100
OFFICE OPERATIONS			
Equipment	7,500	6,424	846
Repairs and maintenance	1,200	380	1,546
Computer, payroll and miscellaneous costs	5,629	5,587	5,629
Computer support	15,750	15,981	2,844
Postage	10,000	13,060	12,733
Telephone and telegragh	55,800	48,564	54,909
Supplies	16,000	16,875	17,280
Miscellaneous	1,000	853	31
Audit	7,800	7,038	7,763
Lease payments	8,450	8,477	8,422
Detached buildings			1,361
Interest and exchange	25		
	$ 129,154	123,239	113,364

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
PROFESSIONAL SERVICES			
Legal	$ 49,500	46,477	47,682
Consulting	8,750	6,927	7,420
Documents	4,600	5,345	5,037
	62,850	58,749	60,139
STAFF DEVELOPMENT			
Staff in training	7,000	3,018	4,845
Library	1,500	971	1,517
	8,500	3,989	6,362
BOARD EXPENSES			
Board training and expenses	9,000	9,444	8,433
OTHER			
Advertising	3,000	3,347	2,573
Membership fees	3,700	3,313	3,175
Family assistance	5,000	3,843	4,183
Annual meeting and public relations	30,000	17,562	9,037
Insurance	12,375	12,375	12,375
Program supplies	6,000	2,884	1,519
Program evaluation	5,000	3,623	
Rural community programs	8,000	2,516	3,231
M.A.P.P.	3,000	3,000	3,000
	76,075	52,463	39,093
OTHER BUILDINGS			
Rent	$ 55,028	56,191	55,028

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND

Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
MAIN OFFICE OPERATIONS			
Mortgage payments	$ 70,535	58,175	54,481
Repairs and maintenance	7,500	5,644	4,430
Janitorial	6,456	6,430	6,499
Office supplies	2,000	1,358	1,523
Hydro	8,500	7,711	8,177
Water	850	740	821
Gas	3,960	1,232	1,680
Property taxes	13,083	13,083	9,839
	$ 112,884	94,373	87,450

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF RESOURCE CENTRE OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Building operations	$ 54,000	54,000	54,000
Agency responsibility	12,336		42,930
Career start grant	910	865	700
Miscellaneous	3,500	7,033	7,676
Brandon and District United Way	31,682	33,576	32,775
Foundation	101,200	101,200	52,000
Campaign and donations	8,963	8,964	27,166
City of Brandon grant	20,500	20,500	20,500
	233,091	226,138	237,747
EXPENDITURES, per schedule			
Salaries	135,710	129,905	144,416
Program	24,150	20,965	23,289
Office and building	73,231	70,677	70,042
	233,091	221,547	237,747
SURPLUS BEFORE TRANSFER TO CAPITAL FUND		4,591	
Transfer to Capital Fund		917	
SURPLUS ON RESOURCE CENTRE OPERATIONS FOR YEAR	$	3,674	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF RESOURCE CENTRE EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
SALARIES, FEES AND RELATED EXPENSES			
F.L.E. Salaries	$ 16,085	11,681	15,317
Salaries - Other Centres	90,306	91,441	99,943
Career Start Hourly	2,840	2,839	1,966
Benefits	13,005	11,914	14,759
Child care salaries	9,372	9,311	8,578
Cleaning and reception	1,500	168	986
Payroll tax	2,602	2,551	2,867
	135,710	129,905	144,416
PROGRAM EXPENSES			
Food	3,300	1,774	2,788
Kitchen and cleaning supplies	1,200	1,111	1,399
Child care activities	1,500	2,077	1,377
Program supplies	11,500	11,114	11,898
Transportation	6,000	3,752	4,981
Advertising	100	409	196
Staff training	150	276	307
Camp supplies	400	452	343
	24,150	20,965	23,289
OFFICE/BUILDING MAINTENANCE			
Supplies	1,000	852	630
Repairs and maintenance	7,000	6,506	6,644
Equipment and furniture	2,000	1,378	1,887
Cleaning costs	7,700	6,785	6,453
Telephone	4,800	4,686	4,781
Hydro	8,088	7,727	7,453
Water	425	719	393
Gas	6,050	5,857	5,950
Insurance	4,208	4,208	4,208
Rent	31,960	31,959	31,643
	$ 73,231	70,677	70,042

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FAMILY SUPPORT SERVICES OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Family contributions	$ 500	307	1,631
Province of Manitoba Family support	352,800	352,800	345,900
Province of Manitoba Exceptional Circumstances		5,935	24,162
Miscellaneous		363	
Community services			3,080
Surplus transfer	8,860		
Adoption - financial assistants		14,227	
	362,160	373,632	374,773
EXPENDITURES			
Support worker salaries and benefits	132,473	124,436	122,572
Social workers assistants salaries and benefits	75,607	75,988	72,070
Family aides salaries and benefits	76,601	79,452	83,840
Homemaker salaries and benefits	33,129	24,197	45,114
Support miscellaneous	2,000	2,311	2,241
Other family support	14,500	14,500	14,500
Support travel costs	26,650	28,247	29,344
Cell phones - support workers	1,200	1,635	1,127
Adoption - financial assistants		14,227	
	362,160	364,993	370,808
SURPLUS ON FAMILY SUPPORT SERVICES FOR YEAR	$	8,639	3,965

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF CHILD MAINTENANCE OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Province of Manitoba - maintenance	$ 478,700	543,046	475,641
Province of Manitoba - level 1	427,500	427,000	426,200
Parent and guardian	13,000	16,173	17,420
Special needs grant	510,300	510,300	508,800
Exceptional circumstances/Repat	163,342	218,008	170,208
Repat	2,000	807	2,292
Special needs - other agencies	125,950	98,570	125,949
Basic - other agencies	144,826	126,492	145,978
Miscellaneous		2,091	5,599
	1,865,618	1,942,487	1,878,087
EXPENDITURES, per schedule	1,887,106	1,930,210	1,842,981
SURPLUS (DEFICIT) ON CHILD MAINTENANCE OPERATIONS FOR YEAR	$ (21,488)	12,277	35,106

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CHILD MAINTENANCE EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
Regular rate foster home	$ 783,937	820,543	783,937
Independent living	43,625	51,392	43,635
Gifts	9,500	9,692	9,143
Education	25,000	26,891	20,706
Activities	23,000	25,995	22,760
Emergency homes	1,500	1,090	680
Emergency retainer	18,000	15,953	17,436
Damage and special occasions	2,000	1,457	1,271
Transportation	28,000	35,000	26,501
Special rate - foster homes	343,167	316,753	323,297
Special rate - 8th street	48,451	36,039	44,380
Non-pay shelter costs	3,000	1,112	1,778
Day Care	1,000	1,286	
Miscellaneous	3,000	4,898	1,943
Respite - foster parent	17,940	25,759	16,025
Home visits	50,000	56,260	39,419
Therapy	9,000	10,229	8,935
Medical	6,500	5,891	5,925
Initial clothing	10,000	13,816	11,747
Age of majority	6,000	3,393	3,594
Children in care support	18,368	22,820	16,592
Repatriation costs	2,000	807	2,292
Exceptional circumstances	2,945	4,579	2,945
Regular rate - other agencies	135,963	118,359	135,963
Agency allowances - other agencies	8,863	8,273	8,863
Special rate - other agencies	125,950	98,494	125,950
Travel out of Province	3,215	342	3,215
Extra one time expense	8,000	14,703	14,867
Level V - Service	149,182	198,384	149,182
	$ 1,887,106	1,930,210	1,842,981

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF MCVICOR STREET OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Basic maintenance	$ 7,862	7,056	7,036
Special rate	48,637	48,638	41,283
M.R.S. services	23,625	35,660	24,224
Miscellaneous			705
TOTAL REVENUE	80,124	91,354	73,248
EXPENDITURES, per schedule			
Salaries	58,368	69,606	52,220
Building and administration costs	12,350	13,183	12,546
Direct costs	9,406	8,565	8,482
TOTAL EXPENDITURES	80,124	91,354	73,248
SURPLUS ON MCVICOR STREET OPERATIONS FOR YEAR	$		

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF MCVICOR STREET EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
SALARIES, FEES AND RELATED EXPENSES			
Salaries	$ 25,167	26,678	24,211
Employee benefits	5,882	4,839	4,869
Relief	26,151	31,863	22,121
Payroll tax	1,168	1,311	1,019
Home care McVicar		4,915	
	58,368	69,606	52,220
BUILDING AND ADMINISTRATION			
Rent	7,200	7,200	7,200
Repairs and maintenance	754	897	611
Equipment and furniture	1,000	687	1,393
Utilities	1,675	2,535	1,529
Telephone	500	366	452
Administration	50	44	218
Insurance	936	936	936
Advertising	200	518	172
Miscellaneous	35		35
	12,350	13,183	12,546
DIRECT COSTS			
Activities	340	401	538
Personel allowance	537	380	484
Gifts	95	140	76
Health	284	563	328
Transportation	2,700	1,799	1,733
Food	4,900	4,286	4,624
Kitchen and cleaning	500	966	674
Education	50	30	25
	$ 9,406	8,565	8,482

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF RESIDENTIAL CARE OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000 Approved (Unaudited)	2000 Actual	1999 Actual
REVENUE			
Province of Manitoba fees	$ 528,386	517,854	485,996
Province of Manitoba grant	233,500	233,500	218,800
Special relief		41,143	32,550
Miscellaneous		667	2,192
	761,886	793,164	739,538
EXPENDITURES, per schedule			
Salaries and benefits	644,843	651,896	637,229
Building	56,077	56,295	51,717
Administration	5,554	12,510	3,437
Direct	67,986	59,447	60,859
TOTAL EXPENDITURES	774,460	780,148	753,242
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	(12,574)	13,016	(13,704)
Transfer to Capital Fund		2,373	
SURPLUS (DEFICIT) ON RESIDENTIAL CARE OPERATIONS FOR YEAR	$ (12,574)	10,643	(13,704)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF RESIDENTIAL CARE EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
SALARIES AND BENEFITS			
Salary costs	$ 501,559	486,481	476,984
Relief costs	58,000	47,859	52,773
Special relief costs		38,411	29,302
Employee benefits	71,074	63,746	63,120
Payroll levy	11,604	12,721	11,900
Workers' compensation	2,606	2,678	3,150
	644,843	651,896	637,229
BUILDING			
Mortgages	20,336	20,336	20,135
Utilities	9,748	8,219	8,779
Household supplies	4,400	5,213	4,581
Repairs and maintenance	16,000	15,483	11,645
Insurance	2,493	2,494	2,494
Equipment	3,100	2,527	4,083
Building		2,023	
	56,077	56,295	51,717
ADMINISTRATION			
Office supplies	200	461	321
Advertising	200	202	129
Bank charges		5	57
Miscellaneous	250	8,631	
Telephone	3,144	2,747	2,738
Staff training	1,760	464	192
	5,554	12,510	3,437
DIRECT			
Food	28,500	28,620	27,285
Clothing	9,000	7,482	6,759
Personal allowances	6,000	5,193	4,688
Education	1,600	1,228	1,367
Group activity allowance	8,000	4,856	6,443
Gifts	1,386	1,196	1,320
Medical	1,000	805	1,091
Transportation	12,500	10,067	11,906
	$ 67,986	59,447	60,859

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF CHILD ABUSE PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2000

		2000		1999
		Approved (Unaudited)	Actual	Actual
REVENUE				
Province of Manitoba grant	$	50,300	50,300	49,300
Agency supplement/child		18,694	18,214	15,269
Service staffing grant		12,200	12,200	12,000
Miscellaneous revenue			50	
		81,194	80,764	76,569
EXPENDITURES				
Salaries and benefits		77,702	77,604	73,104
Payroll tax		1,492	1,530	1,465
Travel			120	519
Program costs		2,000	1,510	1,481
		81,194	80,764	76,569
SURPLUS ON CHILD ABUSE PROJECTS FOR YEAR	$			

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF ADOPTIVE FAMILIES PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Grant	$ 46,200	46,200	46,200
Surplus funds	3,024		
	49,224	46,200	46,200
EXPENDITURES			
Salaries and benefits	43,363	38,529	41,092
Program administration costs	3,162	3,162	2,440
Travel	2,700	2,700	2,668
	49,225	44,391	46,200
SURPLUS (DEFICIT) ON ADOPTIVE FAMILIES PROJECT FOR YEAR	$ (1)	1,809	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF PARENTING SKILLS PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000 Approved (Unaudited)	2000 Actual	1999 Actual
REVENUE			
Province of Manitoba grant	$ 54,500	54,500	22,750
Surplus funds	10,832		
	65,332	54,500	22,750
EXPENDITURES			
Salaries and benefits	60,132	59,780	19,561
Travel	3,200	1,800	786
Program supplies	2,000	3,400	393
	65,332	64,980	20,740
SURPLUS (DEFICIT) ON PARENTING SKILLS PROJECT FOR YEAR	$	(10,480)	2,010

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF INTENSIVE CRISIS INTERVENTION PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Grant	$		31,750
EXPENDITURES			
Salaries			25,182
Employee benefits			2,978
Payroll tax			636
Travel			1,867
			30,663
SURPLUS ON INTENSIVE CRISIS INTERVENTION PROJECT FOR YEAR	$		1,087

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF PRE-SCHOOL ENRICHMENT OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Department of Family Services Transportation	$ 8,000	5,745	5,278
Grant maintenance	11,005	11,667	10,789
Fees - province	72,000	69,399	71,663
Fees - parent	9,600	17,175	14,704
Community places grant			2,500
Support transfer	14,500	14,500	14,500
Private funds	67,847	61,418	41,352
Quota club grant	770	770	
Manitoba Community Services Council grant			568
Early start revenue			836
Disabilities Grant	11,627	10,837	10,733
Aboriginals Head start	1,558	1,558	
Bad Debt Recovery		338	548
Other	1,500		2,211
TOTAL REVENUE	198,407	193,407	175,682
EXPENDITURES, per schedule			
Staff salaries and benefits	151,179	148,382	128,481
Program	8,424	7,594	10,712
Office and building	16,932	17,022	15,561
Administration	21,872	20,409	20,928
TOTAL EXPENDITURES	198,407	193,407	175,682
SURPLUS ON PRE-SCHOOL ENRICHMENT OPERATIONS FOR YEAR	$		

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF PRE-SCHOOL ENRICHMENT EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
STAFF SALARIES AND BENEFITS			
Salaries	$ 116,332	113,721	111,342
Benefits	34,847	34,661	17,139
	151,179	148,382	128,481
PROGRAM			
Food	4,704	4,662	4,327
Kitchen and cleaning supplies	350	345	327
Activity supplies	525	286	251
Equipment and furniture	1,000	611	104
Equipment repairs	75	2	
Special projects	1,000	921	443
Quota Club Expenduture	770	767	
Manitoba Community Services grant expenditures			665
Community Places			4,595
	8,424	7,594	10,712
OFFICE AND BUILDING			
Rent	9,841	9,841	9,744
Repairs and maintenance	1,515	1,208	1,949
Contract cleaners	1,500	1,363	1,065
Leasehold improvements	300	270	45
Equipment	600	1,141	
Utilities	3,176	3,199	2,758
	$ 16,932	17,022	15,561

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF PRE-SCHOOL ENRICHMENT EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000 Approved (Unaudited)	2000 Actual	1999 Actual
ADMINISTRATION			
Postage	$ 200	177	155
Advertising and office supplies	75	334	
Telephone	1,500	1,620	1,488
Insurance	823	823	823
Travel	12,225	10,193	11,031
Staff training	600	196	630
Audit fee	1,257	1,258	1,258
Travel - employees		1,068	246
Bad debt - preschool	5,000	4,740	5,105
Association dues - preschool	192		192
	$ 21,872	20,409	20,928

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF VICTORIA DAY CARE OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Department of Family Services grant	$ 56,364	56,364	51,240
Early start revenue			1,898
Aboriginal Head Start	3,115	3,115	
Handicapped staffing grant	39,828	39,675	38,263
Community places grant			7,500
Fees - province	107,818	125,896	107,311
Bad debt recovery		42	
Parents fees	74,725	61,791	66,162
Manitoba Community Services Council - Lottery grant			1,470
Miscellaneous	500	310	1,220
TOTAL REVENUE	282,350	287,193	275,064
EXPENDITURES, per schedule			
Staff salaries and benefits	237,885	234,444	239,310
Program	15,253	14,041	21,936
Office and building	20,310	18,915	16,474
Administration	7,580	8,603	5,304
TOTAL EXPENDITURES	281,028	276,003	283,024
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	1,322	11,190	(7,960)
Transfer to Capital Fund			2,855
SURPLUS (DEFICIT) ON VICTORIA DAY CARE OPERATIONS FOR YEAR	$ 1,322	11,190	(10,815)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF VICTORIA DAY CARE EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
STAFF SALARIES AND BENEFITS			
Salaries	$ 208,139	206,505	208,287
Benefits	29,746	27,939	31,023
	237,885	234,444	239,310
PROGRAM			
Food	11,453	11,305	10,923
Kitchen and cleaning supplies	1,350	1,477	995
Activity supplies	800	666	453
Equipment and furniture	900	219	691
Equipment repairs	250	18	20
Special projects	500	356	247
Manitoba Community Services grant expenditures			1,479
Manitoba Community Places grant expenditures			7,128
	15,253	14,041	21,936
OFFICE AND BUILDING			
Rent	11,284	11,284	11,172
Repairs and maintenance	2,400	2,456	77
Contract cleaners	2,100	1,975	1,858
Equipment and furniture	1,000		208
Leasehold improvements	350		401
Utilities	3,176	3,200	2,758
	$ 20,310	18,915	16,474

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF VICTORIA DAY CARE EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
ADMINISTRATION			
Telephone	$ 750	723	744
Postage	100	203	50
Insurance	823	823	823
Association fees	175	175	175
Advertising	250	264	77
Travel - employees	350	251	206
Staff training	675	431	163
Audit fee	1,257	1,258	1,258
Library	200		65
Bad debts expense	3,000	4,475	1,743
	$ 7,580	8,603	5,304

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF EARLY START PROJECT OPERATIONS - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
REVENUE			
Start Up grant	$		11,000
Early start revenue	107,000	107,000	107,000
Secretarial reimbursements		155	151
	107,000	107,155	118,151
EXPENDITURES, per schedule			
Startup			7,588
Program	76,667	74,570	74,772
Office and building	30,333	29,334	32,367
TOTAL EXPENDITURES	107,000	103,904	114,727
SURPLUS BEFORE TRANSFER TO CAPITAL FUND		3,251	3,424
Transfer to Capital Fund			3,424
SURPLUS ON EARLY START PROJECT OPERATIONS FOR YEAR	$	3,251	

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF EARLY START PROJECT EXPENDITURES - OPERATING FUND
Year ended March 31, 2000

	2000		1999
	Approved (Unaudited)	Actual	Actual
STARTUP			
Salaries and employment costs			3,983
Travel			869
Advertising			159
Office and equipment			2,577
			7,588
PROGRAM			
Home visitor salaries and benefits	53,748	68,700	41,287
Other salaries and benefits	17,244	886	9,471
Travel	2,000	2,625	1,321
Training	1,000	881	2,666
Supplies	1,500	1,010	9,291
Toys	925	354	10,076
Car and bus tickets	100		40
Miscellaneous	150	114	620
	76,667	74,570	74,772
FACILITY SERVICE COSTS			
Co-ordinator salary and benefits	18,314	17,747	15,802
Travel	368	69	316
Secretarial	1,463	1,463	1,463
Office	2,229	1,443	4,256
Telephone	650	1,485	479
Audit and accounting fees	300	300	1,000
Administration and supervision	6,809	6,809	6,812
Dropin centre			2,046
Child youth secretariat	200		45
Equipment repairs and maintenance		18	148
	$ 30,333	29,334	32,367

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - COMBINED - TRUST FUND
Year ended March 31, 2000

		2000	1999
REVENUE			
Staff gift fund	$	1,992	1,950
Sun fund		54,115	55,428
Facility fund		88,333	92,395
Holding account		19,615	16,963
Other trust accounts		6,525	7,482
Endowment fund		11,128	77,641
New main office building			45,468
		181,708	297,327
EXPENDITURES			
Staff gift fund		2,874	1,022
Sun fund		53,859	56,090
Facility fund		104,416	105,457
Holding account		16,963	82,497
Other trust accounts		10,942	8,504
Endowment fund			112,838
New main office building		63	50,972
		189,117	417,380
DEFICIT BEFORE TRANSFER TO CAPITAL FUND		(7,409)	(120,053)
Transfer to Capital Fund		36,125	37,844
DEFICIT FOR YEAR	$	(43,534)	(157,897)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF STAFF GIFT FUND OPERATIONS - TRUST FUND
Year ended March 31, 2000

	2000	1999
REVENUE		
Staff contributions	$ 1,992	1,950
EXPENDITURES		
Gift purchases	2,874	1,022
SURPLUS (DEFICIT) FOR YEAR	$ (882)	928

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SUN FUND OPERATIONS - TRUST FUND
Year ended March 31, 2000

	2000	1999
REVENUE		
Charitable donations	$ 912	828
Culture and Heritage	5,000	5,000
Grant revenue - provincial	362	387
Grant revenue - federal	2,541	2,305
Holding account transfer		45,330
CFS Foundation grant	45,300	
Interest		1,578
	54,115	55,428
EXPENDITURES		
Camp fees	38,588	40,329
Grants - Community Camping program		2,500
Office	1,870	2,244
Other	1,495	
Salaries	6,739	6,057
Supplies		120
Transportation	5,167	4,840
	53,859	56,090
SURPLUS (DEFICIT) FOR YEAR	$ 256	(662)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FACILITY FUND OPERATIONS - TRUST FUND
Year ended March 31, 2000

	2000	1999
REVENUE		
Interest	$ 6,714	11,583
Rent	81,619	80,812
	88,333	92,395
EXPENDITURES		
CFS supplements	84,104	71,204
Miscellaneous		11,597
Property taxes	20,312	20,574
Repairs and maintenance		2,082
	104,416	105,457
DEFICIT BEFORE TRANSFER TO CAPITAL FUND	(16,083)	(13,062)
Transfer to Capital Fund	36,125	
DEFICIT ON FACILITY FUND OPERATIONS FOR YEAR	$ (52,208)	(13,062)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF HOLDING ACCOUNT OPERATIONS - TRUST FUND
Year ended March 31, 2000

		2000	1999
REVENUE			
Community campaign	$	19,110	16,963
Memberships		505	
		19,615	16,963
EXPENDITURES			
Sunfund expenses			45,330
Community campaign expenses		16,963	37,167
		16,963	82,497
SURPLUS (DEFICIT) FOR YEAR	$	2,652	(65,534)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OTHER TRUST ACCOUNT OPERATIONS - TRUST FUND
Year ended March 31, 2000

		2000	1999
REVENUE	$	6,525	7,482
EXPENDITURES		10,942	8,504
DEFICIT FOR YEAR	$	(4,417)	(1,022)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF ENDOWMENT FUND OPERATIONS - TRUST FUND
Year ended March 31, 2000

		2000	1999
REVENUE			
Interest earned	$	9,448	6,711
Bequests and donations			70,930
Capital campaign		1,680	
		11,128	77,641
EXPENDITURES			
Transfer to Child and Family Services Foundation			54,000
CFS supplements			28,347
Transfer to new building			30,000
Miscellaneous			491
			112,838
SURPLUS (DEFICIT) ON ENDOWMENT FUND OPERATIONS FOR YEAR	$	11,128	(35,197)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF NEW MAIN OFFICE BUILDING OPERATIONS - TRUST FUND
Year ended March 31, 2000

		2000	1999
REVENUE			
Agency supplements	$		41,597
Miscellaneous			3,609
Interest income			262
			45,468
EXPENDITURES			
Architectural fees			3,750
Construction fees			45,168
Interest expense			200
Miscellaneous		63	
Legal expenses			1,854
		63	50,972
DEFICIT BEFORE TRANSFER TO CAPITAL FUND		(63)	(5,504)
Transfer to Capital Fund			37,844
DEFICIT ON NEW MAIN OFFICE BUILDING FUND OPERATIONS FOR YEAR	$	(63)	(43,348)

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2000

1. ENTITY DEFINITION

The organization is a registered charity. Any surplus it may generate is non-taxable.

2. FUND ACCOUNTING

Child & Family Services of Western Manitoba follows the restricted method of accounting for contributions.

The Operating Fund accounts for the program delivery and administration activities

The Capital Fund records the assets, liabilities, revenues and expenses related to Child & Family Services of Western Manitoba's capital assets.

The Trust Fund reports resources held in trust for purposes outside of normal program delivery and administration purposes. Investment income and money recieved by the Trust Fund is reported as revenue in the Trust Fund and expenses relating directly to the trust funds are recorded as expenses in the Trust Fund

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

The costs of capital assets acquired are recorded as a transfer to the Capital Fund.

The cost of capital assets are recorded in the Investment in Capital Assets and amortization is treated as an annual reduction of the Investment in Capital Assets.

Investments

The investments are recorded at the lower of cost and net realizable value.

NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2000

4. CAPITAL ASSETS

		2000		1999
	Cost	Accumulated Amortization	Net Value	Net Value
800 MacTavish Avenue				
Building and land	$ 812,774	(37,872)	774,902	792,847
Office equipment and furniture	259,286	(137,223)	122,063	134,476
Other Centres				
Building and land	1,064,119	(106,409)	957,710	981,813
Equipment	73,104	(15,778)	57,326	60,064
2227 Brandon Avenue				
Building and land	192,062	(106,134)	85,928	90,069
Equipment	29,228	(16,742)	12,486	13,947
Cypress House				
Building and land	119,498	(47,403)	72,095	74,352
Equipment	30,164	(19,252)	10,912	11,296
7th Street House				
Building and land	76,370	(34,265)	42,105	43,616
Equipment	19,483	(14,318)	5,165	5,569
8th Street House				
Building and land	94,503	(12,136)	82,367	84,276
Equipment	4,471	(1,150)	3,321	2,866
Automobiles	413,880	(296,329)	117,551	96,627
	$ 2,145,325	(198,916)	2,343,931	2,391,818

CHILD & FAMILY SERVICES OF WESTERN MANITOBA

NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2000

5. LONG TERM DEBT

		2000	1999
Royal Trust mortgage, repayable $5,878 monthly including interest at 7.85%, secured by land and building	$	775,798	788,153
Current portion		13,307	12,356
	$	762,491	775,797

Principal payments due in the next five years are as follows:

2001	- $	13,307
2002	-	14,330
2003	-	15,432
2004	-	16,619
2005	-	17,898

6. COMMITMENTS

The organization leases office equipment under operating leases. Minimum lease payments due in the next five years are as follows:

2001	- $	6,498
2002	-	6,498
2003	-	6,498
2004	-	3,249
2005	-	

7. CONSOLIDATION OF TRUST FUNDS

As the Trust Funds have been brought under the control of Child & Family Services of Western Manitoba, these funds have been consolidated into the financial statements of Child & Family Services of Western Manitoba. This consolidation has been applied retroactively with the accounts being reported in the Trust Fund.

8. PRIOR YEARS' FIGURES

Prior years' figures have been restated to conform to current year's presentation standards.

9. ECONOMIC DEPENDENCE

Child & Family Services of Western Manitoba is economically dependent upon the Provincial Government of Manitoba for funding.

10. STATEMENT OF CASH FLOWS

A Statement of Cash Flows has not been provided as it would not provide any further information to the users of the financial statements.

11. YEAR 2000

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers or other third parties, have been fully resolved.

HM
HAUGEN MORRISH
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To The Board of Directors
Communities Economic Development Fund

We have audited the balance sheet of Communities Economic Development Fund as at March 31, 2000 and the statement of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Haugen Morrish
CHARTERED ACCOUNTANTS

The Pas, Manitoba
July 14, 2000

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COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT 1

BALANCE SHEET

MARCH 31

	2000	1999
ASSETS		
Cash	$ 412,208	$ 184,094
Trust deposits	8,690	246,754
Due from Province of Manitoba *(Note 3)*	1,830,594	1,873,298
Accounts receivable	352,572	257,053
Advances *(Note 13)*	28,998	945,102
Life insurance receivable	16,687	34,763
Property held for resale	138,906	259,341
Prepaid expenses	7,635	7,635
Loans receivable *(Note 4)*	18,602,624	18,893,499
	21,398,914	22,701,539
CAPITAL ASSETS (Note 7)	23,194	23,634
	$ 21,422,108	$ 22,725,173
LIABILITIES		
Accounts payable and accrued liabilities	$ 252,189	$ 262,180
Accrued pension liability *(Note 2)*	1,158,385	1,094,000
Interest payable to the Province of Manitoba	506,284	553,908
Advances by the Province of Manitoba *(Note 8)*	19,505,250	20,815,085
	$ 21,422,108	$ 22,725,173

COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT 2

STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

	2000	1999
REVENUE		
Loan interest		
Business Program	$ 1,166,706	$ 1,019,153
Fisherman's Program	820,963	893,455
Investment income	34,101	44,864
	2,021,770	1,957,472
COST OF FUNDS		
Interest paid to the Province of Manitoba		
Business Program	897,774	734,530
Fisherman's Program	585,605	645,795
	1,483,379	1,380,325
GROSS MARGIN	538,391	577,147
OPERATING EXPENSES (Schedule 1)	1,452,848	1,521,082
	(914,457)	(943,935)
OTHER INCOME - ADMINISTRATION FEES	34,427	81,688
EXCESS OF EXPENDITURES OVER REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS	(880,030)	(862,247)
Provision for doubtful accounts - regular operations	499,969	657,130
Provision for doubtful accounts - additional fish loan provision		350,000
Special Project	-	126,000
	499,969	1,133,130
EXCESS OF EXPENDITURES OVER REVENUE BEFORE SUBSIDY FROM PROVINCE OF MANITOBA	(1,379,999)	(1,995,377)
SUBSIDY DUE FROM PROVINCE OF MANITOBA	1,379,999	1,995,377
	$ –	$ –

COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT 3

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2000
CASH FLOWS FROM	
OPERATING ACTIVITIES	
Cash received from Province of Manitoba and other sources	$ 2,894,858
Expenditures to suppliers and employees	(1,388,136)
Interest paid	(1,531,003)
	(24,281)
INVESTING ACTIVITIES	
Purchase of capital assets	(9,878)
Loans issued net of principal payments	(209,094)
Purchase of equipment - net	120,435
	(98,537)
FINANCING ACTIVITIES	
Subsidy - Province of Manitoba *(Note 1)*	1,379,999
Advances by the Province of Manitoba	(1,267,131)
	112,868
NET DECREASE IN CASH AND TRUST DEPOSITS	(9,950)
CASH AND TRUST DEPOSITS, *beginning of year*	430,848
CASH AND TRUST DEPOSITS, *end of year*	$ 420,898

CASH AND TRUST DEPOSITS REPRESENTED BY	
Cash	$ 412,208
Trust deposits	8,690
	$ 420,898

1. NATURE OF THE ORGANIZATION

The Communities Economic Development Fund (the Fund) was established in 1971 (Ch. C155) as a Crown corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. With an act revision passed in July, 1991 the object of the Fund was set to encourage economic development in Northern Manitoba, to act as a lending authority in the fishing industry in the Province of Manitoba and to provide financial assistance to aboriginal people in the Province outside the City of Winnipeg. The Business Loan Program is administered under the C.E.D.F. Act. The Fund also has been appointed as the Lending Agency under Part III of the Fisheries Act (Ch. F90) and as such administers the Fishermen's Loan Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Business Loan Program

The allowance for doubtful accounts on loans and interest receivable is calculated on a specific item basis in addition to a 5% non-specific provision on the remaining loans not specifically provided for.

Fisherman's Loan Program

The allowance for doubtful accounts on fisherman's loans and interest receivable is calculated based on the present value of future cash flows for those loans which, if they maintain their past payment history, will fail to retire their debt completely within the agreed term. The net present value (NPV) formula used for calculating the allowance for doubtful accounts is recognized by the Canadian Institute of Chartered Accountants; however, it does not account for closure of a fishery or regulated reduction of production. In the event of closure of a fishery or regulated reduction of production, the NPV formula may not adequately provide for doubtful accounts.

PENSION EXPENSE AND OBLIGATIONS

The employees of the Fund are not members of the Civil Service of the Province but they contribute to, and are pensionable under, the Civil Service Superannuation Fund. In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Fund will contribute 50% of the pension payments made to retired employees. Payments to the pensioners are charged against the liability account. The current pension expense is determined on the basis of an actuarial valuation. The most recent actuarial valuation as at December 31, 1998 indicated the accrued liability is in line with the obligation forecast in the report. In fiscal years prior to 1989, the Fund charged to operations contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year the Fund has recorded a provision to fund current service obligations. The total liability as at March 31, 2000 amounts to $1,158,385 (1999 - $1,094,000).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization of capital assets has been calculated on a straight line basis using the following rates:

Building	10%
Office furniture and equipment	10%
Computer equipment	25 - 50%

3. DUE FROM PROVINCE OF MANITOBA

Annually, the Province of Manitoba provides a grant to cover the Fund's anticipated subsidy requirements for the year. The amount of $1,830,594 (1999 - $1,873,298) represents additional funds needed to cover the actual requirements for the year including coverage for the pension liability. The balance is comprised of the following:

	2000	1999
Department of Northern Affairs		
Subsidy (refundable)	$ 296,414	$ 180,769
- Orders in Council pending	310,395	533,129
Pension (unfunded)	1,158,385	1,094,000
Severance accrual (unfunded)	65,400	65,400
	$ 1,830,594	$ 1,873,298

4. LOANS RECEIVABLE

	2000	1999
Business Loan Program		
Principal	$ 12,273,239	$12,330,101
Accrued interest	302,232	240,833
	12,575,471	12,570,934
Allowance for doubtful accounts *(Note 5)*	(1,631,359)	(1,494,201)
	10,944,112	11,076,733
Fisherman's Loan Program		
Principal	10,316,886	10,405,851
Accrued interest	731,947	798,493
	11,048,833	11,204,344
Allowance for doubtful accounts *(Note 5)*	(3,390,321)	(3,387,578)
	7,658,512	7,816,766
	$ 18,602,624	$18,893,499

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The change in the allowance is accounted for as follows:

Business Loan Program	2000			1999
	Specific	Non-Specific	Total	Total
Balance, beginning of year	$ 964,244	$ 529,957	$ 1,494,201	$ 1,228,766
Provision for the year	310,928	(10,959)	299,969	457,130
	1,275,172	518,998	1,794,170	1,685,896
Accounts written off	(162,811)	—	(162,811)	(191,695)
Balance, end of year	$ 1,112,361	$ 518,998	$ 1,631,359	$ 1,494,201

Fisherman's Loan Program	2000	1999
Balance, beginning of year	$ 3,387,578	$ 3,066,085
Provision for the year	200,000	550,000
	3,587,578	3,616,085
Accounts written off	(197,257)	(228,507)
Balance, end of year	$ 3,390,321	$ 3,387,578

6. LOAN COMMITMENTS AND CONTINGENT LIABILITIES

	2000	1999
Loan guarantees	$ 220,000	$ 200,000
Undisbursed balance of approved loans	618,079	1,273,672
	$ 838,079	$ 1,473,672

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Office furniture and equipment	$ 165,585	$ 142,391	$ 23,194	$ 23,634

8. ADVANCES BY THE PROVINCE OF MANITOBA

	2000	1999
Business Loan Program *(Note 9)*	$ 12,194,358	$ 13,535,205
Fisherman's Loan Program *(Note 10)*	7,310,892	7,279,880
	$ 19,505,250	$ 20,815,085

9. BUSINESS LOAN PROGRAM

The Communities Economic Development Fund is included under The Provision of Manitoba's Loan Act Authority. Advances form the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to "The Loan Act, 1999". The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council. Prior to the 1992/93 fiscal year, advances by the Province were interest free.

Advances from the Business Loan Program at March 31, 2000 are accounted for as follows:

Advances, *beginning of year*	$ 15,029,406
Allowance for special projects	(1,200,000)
1999/00 loan advances	1,927,549
1999/00 loan advance repayments	(1,931,238)
	13,825,717
Unfunded allowance, *beginning of year*	1,494,201
1999/00 provision for doubtful accounts	299,969
Write offs (Order in Council pending)	(162,811)
	1,631,359
Net Balance, *end of year (Note 8)*	$ 12,194,358

10. FISHERMAN'S LOAN PROGRAM

The Communities Economic Development Fund is appointed as the Lending Agency for the Fisherman's Loan Program (under Part III of the Fisheries Act). The portfolio had previously been administered by Manitoba Agricultural Credit Corporation (M.A.C.C.) and funded by the Department of Natural Resources. Effective April 1, 1992 this portfolio was transferred to the Fund in its entirety.

Advances to the Fisherman's Loan Program at March 31, 2000 are accounted for as follows:

Advances, *beginning of year*	$ 10,667,458
1999/00 loan advances	2,563,528
1999/00 loan advance repayments	(2,529,774)
	10,701,212
Unfunded allowance, *beginning of year*	3,387,578
1999/00 provision for doubtful accounts	200,000
Write offs (Order in Council pending)	(197,258)
	3,390,320
Net Balance, *end of year (Note 8)*	$ 7,310,892

10. FISHERMAN'S LOAN PROGRAM *continued*

Interest costs are charged on total advances of $10,701,212 which is the total portfolio including the allowance for loss portion of $3,390,321 which was recognized "at risk" when the portfolio was transferred from M.A.C.C. to the Communities Economic Development Fund.

Life insurance on clients - The Fisherman's Loan Program carries Life and Accidental Dismemberment on clients' loans. The cost of this insurance is recovered in the margin charged on interest rates.

11. LOAN ACT AUTHORITY

Amounts authorized for advances under "The Loan Act, 1999" are as follows:

Per Schedule A of "The Loan Act, 1999"	$ 10,700,000
Per Schedule B of "The Loan Act, 1999" - Direct Loans	5,592,183
	16,292,183
Advances made during the 1999/00 fiscal year	(4,491,077)
Unused Loan Act capital available	$ 11,801,106

Guarantees of $970,000 were also authorized under "The Loan Act, 1999". Loan guarantees totalling $220,000 have been issued by the Communities Economic Development Fund as at March 31, 2000.

12. COMMITMENTS

Premises

The Fund has leases for premises as follows:

Swan River	$400 per month
Thompson	$7,235 per month

The leases expire July 31, 2000 and April 30, 2000 respectively. Subsequent to March 31, 2000 both premises are in the process of renegotiating the terms of their leases.

13. ADVANCES

The advances bear interest at the Royal Bank of Canada prime interest rate, plus 1%, payable monthly and are secured by a general security agreement.

14. ECONOMIC DEPENDENCE

The ongoing operation of Communities Economic Development Fund depends on obtaining adequate financing and funding. The Communities Economic Development Fund is dependent upon the Province of Manitoba for funding of operations.

15. COMPARATIVE FIGURES

a) The Development Fund has adopted the direct method of reporting its statement of cash flows (Statement 3). Previously this information was presented as the Statement of Changes in Cash Resources. Restatement of cash flow information for the prior year is impractical and therefore not presented.

b) The financial statements for the year ended March 31, 1999 were audited by another firm of chartered accountants.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

SCHEDULE 1

SCHEDULE OF OPERATING EXPENSES

YEAR ENDED MARCH 31

	2000	1999
Amortization of capital assets	$ 10,318	$ 17,612
Collection costs	37,887	57,578
Communications	51,352	49,852
Credit reports	2,840	2,696
Directors' fees and expenses	57,174	61,090
Government vehicles	36,676	38,973
Insurance	1,095	727
Legal costs	13,051	28,810
Life insurance *(Note 10)*	63,574	65,807
Office supplies and expenses	16,579	19,708
Pension expense	100,253	140,261
Professional fees	39,309	23,393
Relocation expenses		4,580
Rent and utilities	75,741	73,583
Salaries and benefits	856,434	816,246
Sundry	29,571	43,309
Travel	60,994	76,857
	$ 1,452,848	$ 1,521,082

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

on the Schedule of Loan Guarantee Transactions

To the Legislative Assembly of Manitoba

We have audited the schedule of loan guarantee transactions of The Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2000. This financial information is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the transactions of the Board for the year ended March 31, 2000 in accordance with the accounting policies stated in note 2 to the schedule.

GRMacBeth

Winnipeg, Manitoba
May 17, 2000

Greg MacBeth, CA
for the Provincial Auditor

The Co-operative Loans and Loans Guarantee Board

Schedule of Loan Guarantee Transactions
for the year ended March 31, 2000

	Amounts Outstanding at March 31, 1999 $	**Additions $**	**Cancellations $**	**Amounts Outstanding at March 31, 2000 $**
Loan Guarantees: (Note 3)				
Neechi Foods Co-op Ltd.	10,500		3,500	7,000
Gladstone, Austin Natural Gas Co-op Ltd.	600,000	—	—	600,000
Ostrich Products & Marketing Co-op Ltd.	60,000	—	15,000	45,000
United Messenger Co-op Ltd.	150,000	—	20,000	130,000
SMW Workers Co-op Ltd.	—	120,000	—	120,000
	820,500	120,000	38,500	902,000

Approved by the Board:

Chairperson

Secretary

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2000

1. Nature of Operations

The Co-operative Associations Loans and Loans Guarantee Act established the Board with the primary objective of ensuring that cooperative organizations have access to basic financial services. The Board is empowered to make loans or guarantee loans to cooperative organizations in Manitoba. The Small Business and Cooperative Development Branch of the Department of Industry, Trade and Mines administers the activities of the Board. The Department pays all administrative and general operating costs of the Board. The Board may charge a fee for its loans and loan guarantees. The Department records all revenue received.

2. Accounting Policies

a) Loan guarantees are stated at the amount guaranteed.

b) The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities at no charge to the Board. The cost of these services cannot be reasonably estimated and is therefore not included in the financial statements.

3. Loan Guarantees

a) Neechi Foods Co-op Ltd
The Board guaranteed an operating loan up to but not exceeding $35,000 to Neechi Foods Co-op Ltd. The agreement requires that the guarantee reduce annually by $7,000 with the first reduction to take effect on December 31, 1992, and annually thereafter until the expiry of the guarantee on December 31, 1996. The Board declared a moratorium on the loan guarantee reduction for December 31, 1994. As of December 31, 1995 the loan guarantee was reduced by $7,000 to $14,000. The reduction in the loan guarantee negatively impacted the business operation. The Co-op provided a revised business plan and on March 19, 1996 the Board approved a re-instatement to the loan guarantee of $7,000, effective April 1, 1996, bringing the loan guarantee to $21,000. Under the revised repayment schedule, the guarantee shall reduce annually by $3,500 with the first reduction to take effect on March 31, 1997, and annually thereafter until the guarantee has been reduced to zero.

Assiniboine Credit Union Limited and Neechi Foods Co-op Ltd accepted the changes to the loan guarantee on May 16, 1996.

3. Loan Guarantees (Continued)

b) Gladstone, Austin Natural Gas Co-op Ltd.
On April 10, 1995, the Board approved a ten-year loan guarantee for Gladstone, Austin Natural Gas Co-op Ltd. to a maximum of $500,000 and a line of credit guarantee of $50,000. Beginning in year six, the loan guarantee will be reduced by $100,000 per year until year ten when the guarantee terminates. The line of credit guarantee will terminate in two years, if the Co-op is in a positive cash position. If the Co-op is not in a positive cash position, the guarantee will remain in effect for an additional two years. The guarantee will not be in effect for more than four years. The loan guarantees were accepted by the Austin Credit Union Ltd and the Gladstone, Austin Natural Gas Co-op Ltd. on May 16, 1996.

On March 15, 1999, the Board approved an amendment to the line of credit guarantee from $50,000 to $100,000 effective March 31, 1999 until December 31, 2004. The amendment is conditional on the Austin Credit Union Ltd. maintaining the authorized line of credit at a minimum of $300,000 during the period the loan guarantee is in place.

c) Ostrich Products & Marketing Co-op Ltd.
On February 13, 1998, the Board approved an offer of a five-year loan guarantee for Ostrich Products & Marketing Co-op Ltd. of $75,000. The $75,000 loan guarantee will be reduced by $15,000 per year, beginning March 1, 1999.

The Canadian Imperial Bank of Commerce and Ostrich Products & Marketing Co-op Ltd. accepted the loan guarantees, on April 9, 1998.

d) United Messenger Co-op Ltd.
On March 25, 1997, the Board approved an offer of a five-year loan guarantee for United Messenger Co-op Ltd. of $100,000 and a one-year line of credit guarantee of $50,000. The $100,000 loan guarantee will be reduced by $20,000 per year, beginning May 12, 1998. The Assiniboine Credit Union Limited and United Messenger Co-op Ltd. accepted the loan guarantees, on May 7, 1997.

On January 14, 1998, the Board reinstated and increased the one-year line of credit guarantee from $50,000 to $70,000 as of May 7, 1998. The $20,000 increase is offset by the $20,000 reduction from the five-year term loan guarantee.

On March 15, 1999, The Board reinstated the one-year line of credit guarantee at $70,000 as of May 7, 1999.

Notes to the Schedule
for the year ended March 31, 2000

3. Loan Guarantees (Continued)

e) SMW Workers Co-op Ltd.
On March 15, 1999, the Board approved an offer of a ten-year loan guarantee for SMW Workers Co-op Ltd. of $120,000. The loan guarantee will be reduced by $12,000 per year, beginning on July 31, 2000. The Assiniboine Credit Union Limited and the SMW Workers Co-op Ltd. accepted the loan guarantee, in July 1999.

4. Loan Act Authority

The Government of the Province of Manitoba has authorized the following amounts to be expended for funding loans and loan guarantees:

Authority	Outstanding Expenditure Authority
The Loan Act, 1999	
Guarantees	$3,500,000
Less: Amounts committed by the Board	902,000
	$2,598,000

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Cooperative Promotion Board as at March 31, 2000, the General Account statement of revenue and expenditure and retained earnings and the Commercial Fishing Account statement of revenue, expenditure and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with accounting policies stated in note 2 to the financial statements.

GRMacBeth

Winnipeg, Manitoba
May 17, 2000

Greg MacBeth, CA
for the Provincial Auditor

The Cooperative Promotion Board

Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
General Account		
Current Assets		
Cash	$ 38,117	$ 48,381
Prepaid Membership Fees	615	—
Term Deposits (Note 3)	235,242	230,234
Accrued Interest Receivable	10,772	10,675
Total Current Assets	284,746	289,290
Investments (Note 5)	101,448	101,005
Total General Account	386,194	390,295
Commercial Fishing Account		
Current Assets		
Cash	28, 862	-
Term Deposits (Note 4)	26,418	53,588
Accrued Interest Receivable	533	771
Total Current Assets	55,813	54,359
Investments (Note 6)	40	40
Total Commercial Fishing Account	55,853	54,399
Total Assets	$ 442,047	$ 444,694
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable - General Account	$ 1,415	$ 1,426
Equity		
Contributed Capital - General Account (Note 1)	128,800	128,800
Retained Earnings - General Account	255,979	260,069
Retained Earnings - Commercial Fishing Account (Note 7)	55,853	54,399
	440,632	443,268
Total Liabilities and Equity	$ 442,047	$ 444,694

APPROVED BY THE BOARD:

Acting/Chairperson

Acting/Secretary

The Cooperative Promotion Board

General Account
Statement of Revenue and Expenditure and Retained Earnings
for the year ended March 31, 2000

	2000	1999
Revenue		
Interest	$ 16,076	$ 16,422
Dividend	477	—
Total Revenue	16,553	16,422
Expenditure		
Grants, (Schedule 1)	17,525	6,179
General and administrative		
Annual report	338	432
Audit fee	900	600
Board members' remuneration	440	600
Board members' meals and travel	397	538
Membership Fee	597	597
Office	446	113
	3,118	2,880
Total Expenditure	20,643	9,059
Excess of Revenue over (under) Expenditure	(4,090)	7,363
Retained Earnings, beginning of year	260,069	252,706
Retained Earnings, end of year	$ 255,979	$ 260,069

The Cooperative Promotion Board

Commercial Fishing Account
Statement of Revenue and Expenditure and Retained Earnings
for the year ended March 31, 2000

	2000	1999
Revenue		
Interest	$ 1,454	$ 1,569
Dividend	—	40
Total Revenue	1,454	1,609
Expenditure		
Miscellaneous	—	1
Total Expenditure	—	1
Excess of Revenue over Expenditure	1,454	1,608
Retained Earnings, beginning of year	54,399	52,791
Retained Earnings, end of year	$ 55,853	$ 54,399

The Cooperative Promotion Board

Notes to the Financial Statements
for the year ended March 31, 2000

1. Nature and Objectives of the Board

The Cooperative Promotion Board operates under the terms of The Cooperative Promotion Trust Act, which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when The Cooperative Promotion Trust Act came into force.

General Account

The General Account funds controlled by the Board consist of surplus funds of the original Canadian Wheat Board apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the Board when the Cooperative Promotion Trust Act came into force and assets acquired by the Board.

The objectives of the Board with regard to the General Account are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. As of March 31, 2000, no activity has taken place.

2. Accounting Policies

a) These financial statements are prepared in accordance with the accrual basis of accounting except for grants which are recorded as expenditure when paid.

b) Discounts on investments are amortized on a straight-line basis over the life of the investments.

c) The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities at no charge to the Board. The cost of these services cannot be reasonably estimated and is therefore not included in the financial statements.

3. Term Deposits, General Account

	2000	1999
Me-Dian Credit Union Of Manitoba Limited		
4.20% due on May 29, 2000	$ 119,791	—
4.40% due on May 30, 1999	—	$ 114,742
La Caisse Populaire de Saint Boniface Limitee		
3.60% due on June 15, 2000	50,000	—
4.40% due on December 23, 2000	33,451	—
3.65% due on June 21, 1999	—	50,041
3.85% due on December 23, 1999	—	33,451
Province of Manitoba		
5.35% due on June 27, 2000	32,000	—
4.75% due on June 29, 1999	—	32,000
	$ 235,242	$ 230,234

4. Term Deposits, Commercial Fishing Account

	2000	1999
Buffalo Credit Union		
4.850%(Redeemable) due on October 31, 2000	$ 26,418	$ —
3.75% due on June 20, 1999	—	28,338
4.625%(Redeemable) due on October 31, 1999	—	25,250
	$ 26,418	$ 53,588

5. Investments, General Account

	2000	1999
Me-Dian Credit Union of Manitoba Ltd. - Share at Cost	$ 5	$ 5
Me-Dian Credit Union of Manitoba Ltd. - Surplus Shares	183	—
La Caisse Populaire de Saint-Boniface Limitee	133	—
Cambrian Credit Union - Surplus Shares	127	—
Cambrian Credit Union - 6.0% due on April 27, 2003	101,000	101,000
	$ 101,448	$ 101,005

6. Investments, Commercial Fishing Account

	2000	1999
Buffalo Credit Union - Share at Cost	$ 40	$ 40

7. Retained Earnings, Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the Board subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance available at March 31, 2000 is $55,853 (1999 - $54,399).

8. Statement of Cash Flows

A statement of cash flows has not been presented in these financial statements, as no additional information would be provided by its inclusion.

The Cooperative Promotion Board

SCHEDULE 1

Schedule Of Grants
for the year ended March 31, 2000

	2000	1999
Axiome Coaching Group	$ 3,000	$ —
Canadian Cooperative Association	—	1,204
Coopérative de logement Notre Dame Housing Cooperative Ltée	—	1,000
Dew-Drop-In Artisans Co-op Ltd.	1,400	—
Home Works Cooperative Manitoba Inc.	5,000	—
Interlake Natural Gas Co-op Ltd.	1,000	—
Tully, Lisa (ICA Congress General Assembly/Youth Program)	1,125	—
Leland, David (Feasibility Study)	—	475
Manitoba Canola Growers Association	1,000	—
Manitoba Cooperative Council	3,500	3,500
Southwest Fibre Co-op Ltd.	1,500	—
	$ 17,525	$ 6,179

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Council on Post-Secondary Education

We have audited the balance sheet of The Council on Post-Secondary Education as at March 31, 2000 and the statement of revenues and expenditures for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Council on Post-Secondary Education as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

James Martin

James M. Martin, CA
for the Provincial Auditor

Winnipeg, Manitoba
August 22, 2000

THE COUNCIL ON POST-SECONDARY EDUCATION

Balance Sheet
As at March 31, 2000
(with March 31, 1999 figures for comparison)

	2000	1999
ASSETS		
Current assets:		
Cash on hand and in bank	$ 392,386	$ 893,726
Accounts receivable	111,367	405,008
	503,753	1,298,734
Long-term funding commitments - Province of Manitoba (note 3)	782,358	815,022
	$ 1,286,111	$ 2,113,756
LIABILITIES		
Current liabilities:		
Accounts payable & accrued liabilities	$ 103,621	$ 107,178
Grants payable	-	736,172
Other payables	81,073	47,720
	184,694	891,070
Long-term liabilities:		
Provision for employee severance benefits	124,019	114,028
Provision for employer's share of employees' pension benefits (note 4)	678,217	710,881
	802,236	824,909
Total liabilities	986,930	1,715,979
Post-Secondary Grants Fund:		
Balance, beginning of year	397,777	369,186
Revenue over (under) expenditures	(98,596)	28,591
Balance, end of year	299,181	397,777
	$ 1,286,111	$ 2,113,756

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Revenues and Expenditures
For the year ended March 31, 2000
(with March 31, 1999 figures for comparison)

	2000	1999
Revenues:		
Province of Manitoba grants:		
Department of Education and Training	$ 299,806,687	$ 287,955,481
Interest Income	35,430	35,710
Total revenues	299,842,117	287,991,191
Expenditures:		
Operating grants	278,948,899	270,635,300
Colleges Growth Plan	3,946,600	-
Support programs	1,597,267	1,214,831
Post-Secondary Strategic Initiatives grants	1,299,950	1,520,915
Equipment & Renovations grants	6,245,600	7,245,600
Major Capital grants	6,940,000	6,340,000
Administrative and other, Schedule 1	962,397	1,005,954
Total expenditures	299,940,713	287,962,600
Revenues over (under) expenditures	$ (98,596)	$ 28,591

Schedule 1

THE COUNCIL ON POST-SECONDARY EDUCATION

Schedule of Administrative and Other Expenditures
for the year ended March 31, 2000
(with March 31, 1999 figures for comparison)

	2000	1999
Automobile and travelling	$ 31,479	$ 26,357
Computer operating and lease costs	45,884	21,238
Course and membership fees	4,658	5,882
Furniture and equipment	8,724	3,301
Meetings – Council	4,056	3,354
Miscellaneous Grants	24,500	44,328
Office rental	77,731	73,795
Postage and telephone	13,300	14,041
Printing and stationery supplies	7,744	7,355
Professional fees	16,705	13,671
Remuneration of Council members	15,600	18,000
Repairs & maintenance	187	-
Salaries and employee benefits	642,907	763,930
Subscriptions and books	2,820	2,743
Sundry	28,686	7,959
University Infrastructure Analysis	37,416	-
Total administrative & other expenditures	$ 962,397	$ 1,005,954

1. Nature of Operations

The Council on Post-Secondary Education was established by an Act of the Legislature passed in 1997 and is composed of 11 members appointed by the Lieutenant-Governor-in-Council.

The Universities Grants Commission Act was repealed effective April 28, 1997 by the Council on Post-Secondary Education Act.

The Council on Post-Secondary Education Act provided that the University Grants Fund be continued as the Post-Secondary Grants Fund. All assets and liabilities of the Universities Grants Commission were transferred to the Council on Post-Secondary Education.

Primarily, the Council on Post-Secondary Education provides funding to Manitoba's universities and community colleges for approved programs and capital projects from funds received from the Province of Manitoba.

2. Significant Accounting Policies

A. Basis of Accounting

The Council on Post-Secondary Education's annual financial statements are prepared in accordance with generally accepted accounting principles except that leasehold improvements and equipment purchases are charged to expenditures in the year of acquisition.

B. Grant Expenditures

Operating, equipment and renovations, and strategic initiatives grants reflect expenditures to Manitoba universities and community colleges for annual operations. These grants are funded on the basis of scheduled payments to meet the operating requirements of the universities and community colleges. Operating grants are also provided to private religious colleges. Funding is also provided to the universities for approved major capital projects.

C. Revenue Recognition

Revenue is recognized as funds are drawn from Province of Manitoba appropriations.

D. Vacation and Severance Benefits

Employees of the Council are entitled to vacation and severance benefits in accordance with the terms of the collective agreement. The liability for vacation and severance benefits is recorded based on the Council's best estimates.

E. Employer's Share of Employees' Pension Benefits

Employees of the Council are pensionable under the Civil Service Superannuation Act. The Council accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial report.

3. Long-term funding commitments – Province of Manitoba

The long-term funding commitments from the Province of Manitoba are for severance entitlements earned by the employees as at March 31, 1998 in the amount of $104,141 and for the employer's share of employees' pension benefits as at March 31, 2000 in the amount of $678,217 (1999, $710,881).

4. Provision for Employer's Share of Employees' Pension Benefits

	2000	1999
Balance at beginning of year	$ 710,881	$ 640,960
Experience gain	(86,792)	-
Benefits accrued	37,525	45,648
Interest accrued on benefits	47,781	52,939
Benefits paid	(31,178)	(28,666)
Balance at end of year	$ 678,217	$ 710,881

The valuation of the pension obligations as at December 31, 1998 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (1995 – 7.5%), 3% inflation (1995 – 3.75%), salary rate increases of 4.5% (1995 – 5.5%) and post retirement indexing at 2/3 of the inflation rate. The entry age normal actuarial cost method was used and the liabilities have been extrapolated to March 31, 2000 using a formula provided by the actuary.

5. Economic Dependence

The Council is economically dependent on the Province of Manitoba for its funding.

6. Commitments

The Council on Post-Secondary Education has approved funding as listed below:

	Approved	Expended	Outstanding Commitments
Operating:			
Collège universitaire de Saint-Boniface			
Canada-Man. Subsidiary Agreement	$ 6,000,000	$ 1,807,400	$ 4,192,600
Capital:			
University of Winnipeg			
Citadel Building	3,525,000	2,500,000	1,025,000
University of Manitoba			
Chiller System – Fort Garry Campus	19,000,000	3,308,000	15,692,000
Total	$ 28,525,000	$ 7,615,400	$ 20,909,600

7. Related party transactions

In addition to those related transactions disclosed elsewhere in these financial statements, the Council on Post-Secondary Education is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Council on Post-Secondary Education enters into transactions with these entities in the normal course of business.

8. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

auditors report

To the Members of
Crown Corporations Council

We have audited the balance sheet of **Crown Corporations Council** as at December 31, 1999 and the statement of income and reserve reflecting net investment in fixed assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP
Chartered Accountants

Winnipeg, Canada
February 24, 2000

Crown Corporations Council
Balance Sheet

	December 31	
	1999	1998
	(thousands of dollars)	
ASSETS		
Current:		
Cash	$ 312	$ 263
Accounts receivable	13	3
	325	266
Fixed assets (note 4)	35	53
	$ 360	$ 319
LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN FIXED ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 44	$ 157
Levies received in advance	148	53
Due to Manitoba Crown corporations (note 3)	133	56
	325	266
Reserve reflecting net investment in fixed assets	35	53
	$ 360	$ 319

Approved by the Board

Chairman

Director

(See accompanying notes)

Crown Corporations Council
Statement of Income and Reserve
Reflecting Net Investment in Fixed Assets

	Year Ended December 31 1999	 1998
	(thousands of dollars)	
INCOME		
Recoveries from corporations through levies	$ 650	$ 706
Interest	9	12
	659	718
EXPENSES		
Salaries and benefits	472	449
Board remuneration and expenses	73	66
Rent	56	60
Depreciation	18	5
Office supplies and printing	16	18
Professional fees	11	10
Telephone and courier	8	8
Travel	7	11
Automobile expense	6	15
Equipment rental and maintenance	5	4
Professional development	4	6
Insurance	1	1
Industry conferences	0	18
	677	671
Excess of (expenses over income) income over expenses	$ (18)	$ 47
Reserve reflecting net investment in fixed assets, beginning of year	53	6
Reserve reflecting net investment in fixed assets, end of year	$ 35	$ 53

(See accompanying notes)

Crown Corporations Council
Notes to Financial Statements
December 31, 1999

1. Nature of organization

The Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 under The Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to facilitate clear mandates, development of performance measures and consistent practices and to review corporate plans of Crown corporations under its purview. Council provides advice to the Manitoba Government on those plans, proposals and practices or any other matter of policy affecting Crown corporations that may be requested.

2. Significant accounting policies

a) Recoveries of expenses from Crown corporations through levies

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred.

b) Reserve reflecting the net investment in fixed assets

The purchase of fixed assets is funded through operating expense levies assessed to Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council's fixed assets.

c) Fixed assets

Fixed assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

d) Retirement allowances

Retirement allowances provided to certain qualifying employees are expensed in the year in which the employee retires.

3. Due to Manitoba Crown corporations

These amounts represent a retroactive adjustment to levies based on Council's actual expenses.

Crown Corporations Council
Notes to Financial Statements
December 31, 1999

4. Fixed assets

These are comprised entirely of office furniture and equipment and computer equipment:

	December 31 1999	 1998
	(in thousands of dollars)	
Cost		
Office furniture and equipment	$58	$58
Computer equipment	81	81
	$139	$139
Accumulated depreciation		
Office furniture and equipment	58	57
Computer equipment	46	29
	104	86
Net book value	$ 35	$ 53

5. Pension costs and obligations

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund.

6. Lease commitments

The Council is committed under a premises lease expiring on April 30, 2000 to annual basic rental payments of approximately $30,000 and annual common area and operating costs of approximately $26,000.

7. Statement of cash flows

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

KPMG

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Chartered Accountants
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Canada

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of Deer Lodge Centre Inc. as at March 31, 2000 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

June 2, 2000

DEER LODGE CENTRE INC.

Statement of Financial Position

March 31, 2000, with comparative figures for 1999

	2000	1999
Assets		
Current assets:		
Cash	$	$ 564,760
Cash and short-term investments held in trust	210,006	184,285
Short-term investments	1,203,276	1,528,025
Accounts receivable	445,673	523,944
Receivable from Winnipeg Regional Health Authority (note 2)	3,400,737	620,270
Inventory	313,396	280,841
Prepaid expenses	381,942	286,515
	5,955,030	3,988,640
Deferred benefit costs	2,516,885	2,361,552
Capital assets (note 3)	6,127,158	5,946,408
	$ 14,599,073	$ 12,296,600
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Operating line of credit	$ 467,247	$ –
Accounts payable and accrued liabilities	2,706,587	3,208,250
Payable to Manitoba Health (note 2)	395,190	458,295
Trust liability	210,006	184,285
Current portion of long-term debt (note 6)	327,810	345,686
	4,106,840	4,196,516
Benefit costs payable	2,516,885	2,361,552
Long-term debt (note 6)	2,238,775	2,546,586
	8,862,500	9,104,654
Deferred contributions (note 4):		
Related to capital assets	3,694,658	3,002,514
Related to expenses of future periods	129,307	94,307
	3,823,965	3,096,821
Fund balances:		
Unrestricted	1,176,918	(650,773)
Invested in capital assets (note 5)	569,763	556,350
Internally restricted	165,927	189,548
	1,912,608	95,125
Commitment (note 10)		
	$ 14,599,073	$ 12,296,600

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

DEER LODGE CENTRE INC.

Statement of Operations

Year ended March 31, 2000, with comparative figures for 1999

	Operating	Invested in capital assets	Internally restricted	2000 Total	1999 Total
Revenue:					
Patient and resident services (note 7):					
Government funding	$ 32,666,419	$ –	$ –	$ 32,666,419	$ 28,118,980
Patient and resident	3,231,042	–	–	3,231,042	2,731,379
	35,897,461	–	–	35,897,461	30,850,359
Other revenue:					
Cafeteria	320,504	–	–	320,504	310,584
Investment	21,484	–	11,326	32,810	41,332
Donations, grants and fundraising	–	8,500	16,946	25,446	85,265
Deferred contributions	–	610,233	40,772	651,005	525,925
Program recoveries	428,639	–	–	428,639	206,687
Proceeds on disposal of capital assets	–	–	–	–	4,000
Ancillary	1,246,276	–	–	1,246,276	976,891
	2,016,903	618,733	69,044	2,704,680	2,150,684
	37,914,364	618,733	69,044	38,602,141	33.001,043
Expenses:					
Salaries and wages	24,888,116	–	–	24,888,116	22,789,850
Medical fees	15,391	–	–	15,391	409,615
Employee benefits	3,217,404	–	–	3,217,404	3,328,923
Health and education levy	521,481	–	–	521,481	495,497
Printing, stationery and office	102,278	–	–	102,278	109,186
Housekeeping, laundry and linen	486,934	–	–	486,934	435,710
Utilities	710,888	–	–	710,888	657,872
Food and dietary supplies	388,593	–	–	388,593	736,351
Medical and surgical	241,440	–	–	241,440	209,374
Drugs, oxygen and pharmacy supplies	713,234	–	–	713,234	611,388
Diagnostic and miscellaneous	62,765	–	36,328	99,093	98,168
Sundry	730,847	–	224	731,071	627,160
Interest on long-term debt	153,902	–	–	153,902	51,612
Equipment	485,829	–	82	485,911	223,175
Referred out services	3,505,506	–	–	3,505,506	1,881,041
Buildings and grounds maintenance	511,788	–	–	511,788	480,982
Amortization	–	626,967	53,967	680,934	552,724
Ancillary	1,074,408	–	–	1,074,408	857,141
	37,810,804	626,967	90,601	38,528,372	34,555,769
Excess (deficiency) of revenue over expenses for the year	103,560	(8,234)	(21,557)	73,769	(1,554,720)
Funding of prior year deficits	1,743,714	–	–	1,743,714	(16,179)
Excess (deficiency) of revenue over expenses	$ 1,847,274	$ (8,234)	$ (21,557)	$ 1,817,483	$ (1,570,905)

See accompanying notes to financial statements.

DEER LODGE CENTRE INC.

Statement of Changes in Fund Balances

Year ended March 31, 2000, with comparative figures for 1999

	Unrestricted	Invested in capital assets	Internally restricted	2000 Total	1999 Total
Balance, beginning of year	$ (650,773)	$ 556,350	$ 189,548	$ 95,125	$ 1,666,030
Excess (deficiency) of revenue over expenses	1,847,274	(8,234)	(21,557)	1,817,483	(1,570,905)
Transfers – capital asset purchases	(37,497)	52,755	(15,258)	–	–
Transfers – amortization of capital assets	17,914	(31,108)	13,194	–	–
Balance, end of year	$ 1,176,918	$ 569,763	$ 165,927	$ 1,912,608	$ 95,125

See accompanying notes to financial statements.

DEER LODGE CENTRE INC.

Statement of Cash Flows

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 1,817,483	$ (1,570,905)
Items not involving cash:		
Amortization of capital assets	722,151	580,175
Amortization of deferred contributions related to capital assets	(651,005)	(525,925)
Change in non-cash working capital	(3,359,946)	1,245,244
	(1,471,317)	(271,411)
Financing and investing activities:		
Increase in deferred contributions related to capital assets	1,343,149	1,031,657
Decrease in long-term investments	–	200,000
Repayment of long-term debt	(325,687)	(124,541)
Additional long-term debt incurred	–	2,696,924
Capital assets acquired	(902,901)	(4,090,626)
	114,561	(286,586)
Decrease in cash position	(1,356,756)	(557,997)
Cash position, beginning of year	2,092,785	2,650,782
Cash position, end of year	$ 736,029	$ 2,092,785
Cash position consists of the following:		
(Operating line of credit) cash	$ (467,247)	$ 564,760
Short-term investments	1,203,276	1,528,025
	$ 736,029	$ 2,092,785
Supplementary cash flow information:		
Interest received	$ 71,251	$ 148,873
Interest paid	153,902	63,900

See accompanying notes to financial statements.

DEER LODGE CENTRE INC.

Notes to Financial Statements

Year ended March 31, 2000

Status and nature of the corporation:

Deer Lodge Centre Inc. (the "Centre") provides health care and treatment to residents of Manitoba through the operation of a health centre. It was incorporated under the *Corporations Act (Manitoba)* on March 7, 1983 as a corporation without share capital.

The land, buildings, equipment and certain supplies of the former Deer Lodge Hospital were acquired from the Government of Canada by Manitoba Health, effective April 1, 1983. The Centre acquired the buildings, equipment and supplies from Manitoba Health on March 7, 1985 for the nominal amount of one dollar.

Under the terms of an agreement between the Government of Canada, Department of Veterans Affairs ("VAC") and Manitoba Health, VAC has the right of priority use of 155 beds in the Centre for veterans. VAC's responsibility for the costs pertaining to the 155 beds is declining by 20% annually beginning April 1, 1998 and ending March 31, 2002. Manitoba Health is responsible to provide the Centre with equivalent offsetting revenue in each year.

1. **Significant accounting policies:**

(a) Revenue recognition:

The Centre follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income is recognized as revenue in the year that it is earned.

(b) Annual operating results:

In accordance with Winnipeg Regional Health Authority and Manitoba Health (the "funding agencies") policies, annual operating results are settled with the funding agencies. Annual operating deficits are subject to audit by the funding agencies which may result in a settlement in future periods. Annual operating surpluses less than 2% of the net cost of insured services may be retained by the Centre and are credited to the Unrestricted Fund balance when settlements are finalized. A surplus in excess of the 2%, if any, is repayable to the funding agencies. Payments received from VAC on account of previous years surpluses or deficits are recorded as adjustments to the amount recoverable/payable from/to the funding agencies.

Final settlements have not been determined for the three years ending March 31, 2000.

1. **Significant accounting policies (continued):**

(c) Short-term investments:

Short-term investments are recorded at cost plus accrued interest, which approximates fair value. If the market value of these investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

(d) Inventory:

Inventory is valued at the lower of average cost and net realizable value.

(e) Deferred benefit costs:

Certain accrued employee benefit costs, including vacation pay and pre-retirement leave, are deferred and expensed upon the receipt of corresponding revenue funded by Winnipeg Regional Health Authority.

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Centre's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Building	5 - 10%
Equipment	10% - 20%

Amortization is not taken on construction in progress.

(g) Investment earnings:

(i) Investment earnings are retainable by the Centre and are not considered in the insured services program revenue.

(ii) Investment earnings are allocated to the specific Fund where the principal amounts originated or as specified by the contributor of the invested amounts.

(h) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, these contributed services are not recognized in the financial statements.

DEER LODGE CENTRE INC.

Notes to Financial Statements

Year ended March 31, 2000

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1. **Significant accounting policies (continued):**

   (i) Use of estimates:

   The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

2. **Receivable from (payable to) health authorities:**

	2000	1999
Receivable from Winnipeg Regional Health Authority is comprised of:		
Roam Alert financing	$ 104,157	$ 122,829
Meridian Phone System financing	97,380	138,894
Equipment funding receivable	97,106	118,187
Out of Globe and other Winnipeg Regional Health Authority commitments:		
1998/1999	605,837	240,360
1999/2000	2,496,257	–
	$ 3,400,737	$ 620,270
Payable to Manitoba Health is comprised of:		
1997/98 operating results	$ (384,093)	$ (384,093)
1996/97 operating results		(67,639)
Separately financed programs	(11,097)	(6,563)
	$ (395,190)	$ (458,295)

3. **Capital assets:**

	Cost	Accumulated amortization	2000 Net	1999 Net
Land	$ 60,000	$ –	$ 60,000	$ 60,000
Building	4,668,210	913,846	3,754,364	3,864,695
Equipment	4,364,235	2,051,441	2,312,794	1,906,020
Construction in progress	–	–	–	115,693
	$ 9,092,445	$ 2,965,287	$ 6,127,158	$ 5,946,408

4. Deferred contributions:

(a) Capital assets:

Deferred contributions related to capital assets represents the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year	$ 3,002,514	$ 2,498,222
Additional contributions received	1,343,149	1,031,657
Less amounts amortized to revenue	(651,005)	(525,925)
Correction to prior year balance	–	(1,440)
Balance, end of year	$ 3,694,658	$ 3,002,514

The balance of unamortized capital contributions related to capital assets consists of the following:

	2000	1999
Unamortized capital contributions used to purchase assets	$ 2,996,424	$ 2,487,309
Unspent contributions	698,234	515,205
	$ 3,694,658	$ 3,002,514

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

	2000	1999
Balance, beginning of year	$ 94,307	$ 68,080
Less amount recognized as revenue in the year	–	(3,771)
Add receipts for Learning Resource Centre	35,000	29,998
Balance, end of year	$ 129,307	$ 94,307

5. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2000	1999
Capital assets	$ 6,127,158	$ 5,946,408
Amounts financed by deferred contributions	(2,996,424)	(2,487,309)
Amounts financed by loans	(2,566,585)	(2,892,272)
Construction in progress	–	(7,589)
Reallocation from net assets	–	(6,888)
Unspent proceeds on disposal of capital assets	5,614	4,000
Net assets invested in capital	$ 569,763	$ 556,350

6. Long-term debt:

	2000	1999
Roam Alert		
Loan repayable at $1,556 per month plus interest as determined annually by Manitoba Health. Authorized and secured by a letter of comfort from Manitoba Health	$ 104,157	$ 122,829
7th Floor Personal Care Unit		
Canadian Imperial Bank of Commerce Banker's Acceptances, supported by a specific borrowing resolution incorporating an assignment of monies payable by the Governments of Canada or Manitoba:		
Interest at 6.04%, maturing June 20, 2000	1,200,000	1,400,000
Interest at 5.85%, maturing May 8, 2000	1,100,000	1,200,000
Canadian Imperial Bank of Commerce demand loan, interest at 6.5%	65,048	30,549
Repayments of $22,125 per month plus interest are being made on the Canadian Imperial Bank of Commerce loans. Authorized and secured by a letter of comfort from Manitoba Health.		
Meridian Phone System		
Loan repayable at $3,960 per month including interest as determined annually by Manitoba Health. Authorized and secured by letter of comfort from Manitoba Health	97,380	138,894
	2,566,585	2,892,272
Current portion of long-term debt due within one year	327,810	345,686
	$ 2,238,775	$ 2,546,586

6. Long-term debt:

Principal payments scheduled over the next five years assuming that the Canadian Imperial Bank of Commerce loans are refinanced on the same terms and conditions, are as follows:

2001	$ 327,810
2002	330,043
2003	292,042
2004	284,172
2005	284,172
Thereafter	1,048,346
	$ 2,566,585

7. Resident and patient services:

Resident and patient services revenue is comprised of:

	2000	1999
Government funding:		
Winnipeg Regional Health Authority		
Patient care	$ 27,369,762	$ 21,542,249
Radiology	15,357	12,354
VSIP	–	212,119
Adult Day Care	153,954	150,831
Government of Canada:		
Residents	5,127,346	6,201,427
	32,666,419	28,118,980
Patient and resident:		
Winnipeg Regional Health Authority		
Residential charges	3,221,085	2,722,179
Adult Day Care	9,957	9,200
	3,231,042	2,731,379
	$ 35,897,461	$ 30,850,359

8. Pension plans:

Employees of the Centre participate in either the Government of Canada Superannuation Plan or the Healthcare Employees Pension Plan – Manitoba. The employees and the Centre make contributions at prescribed rates. Any additional employer contributions required to be made to the Government of Canada Superannuation Plan will be the responsibility of the Government of Canada. The Centre's liability under these pension plans is limited to the contributions required during the year under the respective agreements.

During the year the Centre contributed approximately $1,116,000 to the plans (1999 – $1,040,000).

9. Related parties:

(a) Deer Lodge Foundation for Geriatrics Inc.:

The Deer Lodge Foundation for Geriatrics Inc. (the "Foundation") was incorporated on January 22, 1990 for the purpose of supporting activities of the Centre that are not normally subject to government funding. During the year the Centre received the following from the Foundation:

	2000	1999
Collaborative Research Unit	$ –	$ 20,000
Learning Resource Centre	35,000	29,998
Interdisciplinary Summer Research Program	45,500	43,192
J.W. Crane Memorial Library	200,000	200,000
Other designated equipment	12,200	4,200
Sara Lift Project	17,191	3,225
	$ 309,891	$ 300,615

(b) Auxiliary of Deer Lodge Centre:

The Auxiliary of Deer Lodge Centre is an independent organization whose primary purpose is to raise funds and assist with projects which support the mission and philosophy of the Centre to provide enrichment to the quality of life for patients and residents. During the year, the Centre received grants for equipment purchases totalling $26,825 (1999 – $7,349) from the Auxiliary.

10. Commitment:

Under the terms of an agreement with the Urban Shared Services Corporation, the Centre is committed to acquiring its total requirement for patient food services and related management services through the regional distribution facility (RDF) of Urban Shared Services Corporation. The commitment is for a period of 20 years effective from September 1, 1998.

As of April 1, 2000 the ownership of the Urban Shared Services Corporation has been transferred to the Winnipeg Regional Health Authority and the name has been changed to WRHA Logistics Services.

Office of the Provincial Auditor
500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Economic Innovation and Technology Council Members

We have audited the balance sheet of the Economic Innovation and Technology Council as at March 31, 2000 and the statements of revenue, expenditure and funds retained, the statement of Economic Innovation and Technology Fund revenue and grant expenditure and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Susan Hay

Susan E. Hay, CA
for the Provincial Auditor

Winnipeg, Manitoba
May 19, 2000
(except for Note 8, as to which the date is June 1, 2000)

Economic Innovation and Technology Council

Exhibit A

Balance Sheet

March 31	2000	1999
Assets		
Current		
Petty cash	$ 400	$ 400
Funds on deposit with Minister of Finance		
Cash	8,881	49,323
Term deposits (and accrued interest)	488,356	314,923
Accounts receivable		
Province of Manitoba	895,699	744,798
Other	23,578	21,903
Notes receivable (Note 3)	103,067	
Prepaid expenses	8,978	47,499
	1,528,959	1,178,846
Notes receivable (Note 3)	331,133	
Investment in Manitoba Technology Centre Ltd. (Note 4)	1	26
Capital assets (Note 5)	18,204	24,505
	$ 1,878,297	$ 1,203,377

	2000	1999
Liabilities		
Current		
Accounts payable and accrued liabilities		
Province of Manitoba	$ 6,000	$ 6,000
Other	878,065	598,601
	884,065	604,601
Equity		
Funds retained (Exhibit B)	994,232	598,776
	$ 1,878,297	$ 1,203,377

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit B

Statements of Revenue, Expenditure and Funds Retained

Year Ended March 31	2000	1999
Revenue		
Province of Manitoba		
Operating grant	$ 1,023,900	$ 1,023,900
Sundry	31,202	28,802
	1,055,102	1,052,702
Expenditure		
Operating expenses	1,093,821	1,040,810
(Deficiency) excess of revenue over expenditure from operations	(38,719)	11,892
Loss on disposal of capital assets		(9,646)
Earned reduction in value of investment		(182,477)
Gain on redemption of common shares (Note 4)	434,175	
Excess (deficiency) of revenue over expenditure	$ 395,456	$ (180,231)
Funds retained, beginning of year	$ 598,776	$ 779,007
Excess (deficiency) of revenue over expenditure	395,456	(180,231)
Funds retained, end of year (Exhibit A)	$ 994,232	$ 598,776

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit C

Statement of Economic Innovation and Technology Fund Revenue and Grant Expenditure

Year Ended March 31	2000	1999
Revenue - Grant from Province of Manitoba (Note 6)	$ 2,968,101	$ 999,195
Grant expenditure	2,968,101	999,195
Excess of grant revenue over expenditure/ funds retained	$ -	$ -

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit D

Statement of Cash Flows

Year Ended March 31	2000	1999
Increase (decrease) in cash and funds on deposit		
Operating		
Excess (deficiency) of Council operations revenue over expenditure (Exhibit B)	$ 395,456	$ (180,231)
Items not involving cash		
Amortization	8,034	8,955
Loss on disposal of capital assets		9,646
Earned reduction in value of investment in MTC Ltd.		182,477
Gain on redemption of common shares in MTC Ltd. (Note 4)	(434,175)	
Net changes in non-cash working capital balances		
Accounts receivable	(152,576)	(521,104)
Prepaid expenses	38,521	(231)
Accounts payable and accrued liabilities	279,464	451,418
Deferred revenue		(8,725)
Increase (decrease) in cash from operations	134,724	(57,795)
Investments		
Acquisition of capital assets, net	(1,733)	(18,586)
Cash applied to investing activities	(1,733)	(18,586)
Net increase (decrease) in cash	132,991	(76,381)
Cash and funds on deposit, beginning of year	364,646	441,027
Cash and funds on deposit, end of year	$ 497,637	$ 364,646
Represented by:		
Cash	$ 400	$ 400
Funds on deposit with Minister of Finance		
Cash	8,881	49,323
Term deposits	488,356	314,923
	$ 497,637	$ 364,646

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Notes to the Financial Statements
March 31, 2000

1. Establishment of the Council and nature of operations

The Economic Innovation and Technology Council (EITC) was established by the Economic Innovation and Technology Council Act on September 1, 1992. Pursuant to the Act, the purpose of EITC is to foster economic development and to support economic restructuring and commercialization in technology so as to enable Manitoba to compete effectively in a global market economy. EITC's mission statement is "to promote and enhance a climate of innovation, entrepreneurship, and technological development that spurs responsible economic development for the benefit of Manitobans".

In addition, EITC has responsibility for the operation of the Economic Innovation and Technology Fund from which EITC may provide grants, loans, loan guarantees and incentives which further EITC's economic development objectives.

EITC is economically dependent upon the Province of Manitoba.

2. Significant accounting policies

a) Basis of Reporting

The financial statements are prepared in accordance with generally accepted accounting principles.

b) Capital assets

Capital assets are recorded at cost less Government grants received and accumulated amortization. Amortization is calculated on a straight-line basis at the following annual rates:

Computer equipment	33 1/3%
Furniture and fixtures	10%
Equipment	10%

c) Cash and funds on deposit

Cash and funds on deposit include cash on hand, balances with the Minister of Finance and short term deposits with original maturities of three months or less.

3. Notes receivable

The notes receivable arise from the redemption of EITC's common shares in Manitoba Technology Centre Ltd. (MTC) for $434,200 (Note 4), are non-interest bearing, and are payable in instalments as follows:

June 1, 2000	$ 103,067 (Note 8)
June 1, 2001	103,067
June 1, 2002	103,067
June 1, 2003	125,000

4. Investment in Manitoba Technology Centre Ltd.

Effective June 1, 1996, EITC discontinued its role in the operations of the Environmental Sciences Centre (ESC). Prior to June 1, 1996, the financial activities of ESC were reflected in the financial statements of EITC. On June 1, 1996, EITC entered into a public/private partnership with Enviro-Test Laboratories, a division of ETL Chemspec Analytical Limited (ETL). A new corporation, Manitoba Technology Centre Ltd. (MTC), was incorporated and certain assets of EITC, namely the assets of ESC, were transferred to MTC pursuant to an Asset Purchase Agreement in exchange for 25 Class A Common Shares with a paid-up capital value of $25, 1,500,000 Class A Special Preferred Shares with a redemption and paid-up capital value of $875,000, and 1 Class B Special Preferred Share with a paid-up capital value of $1. Subsequent to the Asset Purchase Agreement, MTC issued 75 Class A Common Shares with a paid-up capital value of $75 to ETL. A Unanimous Shareholders Agreement between EITC and ETL sets out the rights and obligations in respect of the shares of MTC. The regular operations and management of MTC are the responsibility of ETL.

As described above and as consideration for the transfer of ESC's assets and liabilities, Council acquired an investment in MTC as follows:

	Subscription Price
1,500,000 Class A Special Preferred Shares	$ 875,000
1 Class B Special Preferred Share	1
25 Class A Common Shares	25
Total subscription price	875,026
Earned reduction in value of investment	(875,000)
Class A common shares redeemed (redemption price $434,200)	(25)
Carrying value	$ 1

Class A Special Preferred Shares

Each Class A Special Preferred Share was non-voting, redeemable and retractable on a semi-annual basis, with one share cancelled for each dollar contributed or invested by ETL in equipment, facilities, management and marketing. The redemption amount of the shares was equal to the agreed value of ESC's contributed assets of $875,000 divided by 1,500,000 or $.5833 per share. As part of the Unanimous Shareholders Agreement, ETL is committed to contributing $1,500,000 over the first three years of the agreement.

All Class A Special Preferred Shares were redeemed prior to May 31, 1999.

4. Investment in Manitoba Technology Centre Ltd. (continued)

Class B Special Preferred Share

The Class B Special Preferred Share is non-voting, retractable and redeemable at $1.00 per share.

Effective May 31, 1999, EITC has the option of retaining ownership of the Class B Special Preferred Share as long as it may wish and be entitled for so long as it holds this share to nominate one director to the Board of Directors provided that:

1. EITC no longer holds any common shares;
2. MTC continues to occupy premises owned by the Province of Manitoba; and
3. MTC has material contracts with the Province of Manitoba.

Common Shares

On May 31, 1999, MTC redeemed EITC's 25 common shares with a paid up capital value of $25 for $434,200.

The redemption price will be paid in instalments as disclosed in Note 3. Non-interest bearing promissory notes have been provided to EITC, and a gain on $434,175 resulting from this redemption has been recorded.

5. Capital assets

Capital assets owned by the Economic Innovation and Technology Council are summarized as follows:

	Cost	Less Government Grants Received	Less Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Computer equipment	$ 27,682	$	$ 20,654	$ 7,028	$ 13,596
Equipment	15,524		4,348	11,176	10,909
Furniture and fixtures	32,214	32,214			
Total	$ 75,420	$ 32,214	$25,002	$ 18,204	$ 24,505

6. Related party transactions

EITC is related in terms of common ownership to all departments, agencies and Crown corporations created by the Province of Manitoba. EITC enters into transactions with these entities in the normal course of business.

The Province of Manitoba provides access to a fund set aside for economic innovation initiatives. These funds are on deposit in the Fiscal Stabilization Fund and are available to fund EITC's Economic Innovation and Technology Fund. The original amount of this fund was $10,000,000. Up to March 31, 2000, $5,073,070, including $2,968,101 in the current year, has been expended by EITC and recovered from the Fiscal Stabilization Fund.

7. Pension plan

In accordance with the provisions of The Civil Service Superannuation Act, employees of EITC are required to contribute to the Civil Service Superannuation Fund at prescribed rates for defined benefits. EITC is required to make contributions equal to the amounts contributed to the Fund by employees. Under this Act, EITC has no further pension liability.

8. Subsequent event

Subsequent to year end, EITC received the first instalment of $103,067 from MTC.

Economic Innovation and Technology Council
Schedule of Expenses

Schedule 1

Year Ended March 31	2000	1999
Advertising and promotion	$ 17,910	$ 14,068
Amortization	8,034	8,955
Building maintenance	8	932
Computer	38,348	21,867
Council activities	312,940	288,411
Equipment rental and maintenance	5,562	1,297
Fees, memberships and conferences	22,528	33,298
Insurance	1,182	1,029
Library operations	89	770
Postage, delivery and telephone	19,053	28,741
Printing and stationery	7,560	14,922
Professional development	649	2,598
Professional fees	5,000	4,000
Purchased services	59,018	48,284
Rental and property tax	54,353	55,030
Salaries and benefits	503,452	482,591
Travel	38,135	34,017
	$ 1,093,821	$ 1,040,810

Office of the Provincial Auditor
500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT
ON SUPPLEMENTARY FINANCIAL INFORMATION

To The Legislative Assembly of Manitoba, and
To The Economic Innovation and Technology Council Members

We have audited the financial information contained in the Supplementary Financial Information of the Economic Innovation and Technology Council for the year ended March 31, 2000. This financial information reflects the transactions of the Council for compensation of $50,000 or more individually attributable to each of its employees as well as compensation paid, in aggregate, to its Council Members. This financial information has been prepared in accordance with The Public Sector Compensation Disclosure Act of Manitoba. This financial information is the responsibility of the Council's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information, as well as evaluating the overall presentation of the financial information.

In our opinion, this financial information presents compensation of $50,000 or more and aggregate compensation to the Council Members for the year ended March 31, 2000 for the Economic Innovation and Technology Council, in accordance with the basis of presentation stated in the Introduction to Supplementary Financial Information.

Winnipeg, Manitoba
May 18, 2000

Susan E. Hay, CA
for the Provincial Auditor

Economic Innovation and Technology Council
Introduction to Supplementary Financial Information

Year Ended March 31, 2000

Basis of Presentation

a) Compensation of $50,000 or More

The attached schedule lists employees who received compensation of $50,000 or more during the fiscal year ended March 31, 2000. The amounts are calculated in accordance with The Public Sector Compensation Disclosure Act of Manitoba.

b) Aggregate Compensation to Board Members

The amount of the payments, in aggregate, to the Council Members during the fiscal year ended March 31, 2000 was $2,190. These amounts are calculated in accordance with The Public Sector Compensation Disclosure Act of Manitoba.

Economic Innovation and Technology Council
Schedule of Compensation of $50,000 or More

Year Ended March 31, 2000

E. Bruce	$ 55,033
J. Clarkson	83,176
S. Gilbert	71,381
J. Meldrum	74,247
T. Penner	68,803

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly and
The Directors of The Horse Racing Commission

We have audited the balance sheet of The Horse Racing Commission as at March 31, 2000 and the statements of operating revenue and expenditure and fund balances and general fund operating expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Larry Unryn

Winnipeg, Manitoba
May 5, 2000

Larry Unryn, CA
for the Provincial Auditor

THE HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 2000
(with 1999 figures for comparison)

		Restricted Funds				Total Year ended March 31	
Assets	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	2000	1999
Current assets:							
Cash on hand and in bank	$ 271,152	$ -	$ 37,332	$ 241,773	$ -	$ 550,257	$ 647,699
Due from General Fund	-	-	-	-	51,305	51,305	20,183
Pari-mutuel levy receivable	-	31,297	-	-	-	31,297	15,370
Pari-mutuel distribution receivable	3,219	-	22,086	5,992	-	31,297	15,370
	274,371	31,297	59,418	247,765	51,305	664,156	698,622
Long - term funding commitments Province of Manitoba	206,594					206,594	178,273
	$ 480,965	$ 31,297	$ 59,418	$ 247,765	$ 51,305	$ 870,750	$ 876,895
Liabilities							
Current liabilities:							
Accounts payable accrued liabilities	$ 44,035	$ -	$ 59,418	$ 247,765	$ 51,305	$ 402,523	$ 392,480
Deferred revenue	1,964	-	-	-	-	1,964	1,307
Due to C.T.H.S. Fund	-	5,992	-	-	-	5,992	2,896
Due to General Fund	-	3,219	-	-	-	3,219	1,596
Due to General Support Fund	51,305	-	-	-	-	51,305	8,668
Due to H.B.P.A. Fund	-	22,086	-	-	-	22,086	10,878
Due to M.S.S. & B.A. Fund	-	-	-	-	-	-	11,515
	97,304	31,297	59,418	247,765	51,305	487,089	429,340
Long term liability:							
Provision for employee pension benefits	206,594	-	-	-	-	206,594	178,273
	303,898	31,297	59,418	247,765	51,305	693,683	607,613
Restricted fund balances end of year, Exhibit B	-	-	-	-	-	-	32,700
Unrestricted fund balance end of year, Exhibit B	177,067	-	-	-	-	177,067	236,582
	177,067	-	-	-	-	177,067	269,282
	$ 480,965	$ 31,297	$ 59,418	$ 247,765	$ 51,305	$ 870,750	$ 876,895

APPROVED BY THE COMMISSION

WR Anderson Chairman

Comptroller

THE HORSE RACING COMMISSION

Exhibit B

Statement of Operating Revenue and Expenditure and Fund Balances
for the year ended March 31, 2000
(with 1999 figures for comparison)

		Restricted Funds						
	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	M.S.S. & B.A. Fund	Total Year ended March 31 2000	Total Year ended March 31 1999
Revenue:								
Fees, licenses and fines (Note 4)	$ 104,775	$ -	$ -	$ -	$ -	$ -	$ 104,775	$ 100,117
Grant from the Government of the Province of Manitoba	36,500	-	-	-	-	-	36,500	124,500
Grant from The Horse Racing Commission	-	-	-	-	5,600	-	5,600	-
Grant from the Manitoba Lotteries Distribution System	-	-	-	-	501,100	-	501,100	351,100
Interest	12,037	-	2,668	8,250	-	735	23,690	26,641
Pari-mutuel levy		3,272,391	-	-	-	-	3,272,391	3,205,745
Pari-mutuel levy fund distribution	342,977	-	2,322,149	607,265	-	-	3,272,391	3,205,745
Long term funding commitments - Province of Manitoba	28,321						28,321	1,308
	524,610	3,272,391	2,324,817	615,515	506,700	735	7,244,768	7,015,156
Expenditure:								
General Fund expenditures, Exhibit C	584,125	-	-	-	-	-	584,125	497,707
Nomination payments (Net)	-	-	-	-	-	11,515	11,515	645
Overnight purse support thoroughbred	-	-	2,324,817	-	-	-	2,324,817	2,278,449
Owners/breeders incentive thoroughbred	-	-	-	615,515	-	-	615,515	601,074
Pari-mutuel levy fund distribution	-	3,272,391	-	-	-	-	3,272,391	3,205,745
Quarter Horse owner/breeders incentive	-	-	-	-	20,600	-	20,600	22,000
Standardbred rural							-	
Overnight purse support	-	-	-	-	239,150	-	239,150	146,063
Owner/breeders incentive	-	-	-	-	246,950	21,920	268,870	190,037
	584,125	3,272,391	2,324,817	615,515	506,700	33,435	7,336,983	6,941,720
(Deficiency) excess of revenues over expenses	(59,515)	-	-	-	-	(32,700)	(92,215)	73,436
Fund balances, beginning of year	236,582	-	-	-	-	32,700	269,282	195,846
Fund balances, end of year	$ 177,067	$ -	$ -	$ -	$ -	$ -	$ 177,067	$ 269,282

THE HORSE RACING COMMISSION

Exhibit C

Statement of General Fund Operating Expenditure for the year ended March 31, 2000
(with 1999 figures for comparison)

	2000	1999
Expenditure:		
Advertising and promotion	$ 550	$ 300
Commissioners' per diem and honoraria	58,763	83,986
Drug, alcohol and security	6,935	10,043
Employee benefits	36,905	53,826
Equipment and office furniture	31,550	600
Equipment rentals	3,676	3,298
Memberships and dues	4,605	4,624
Office	10,200	5,150
Pension costs	31,215	4,778
Professional fees	82,392	40,521
Recruiting costs	222	175
Repairs and maintenance	6,644	3,919
Research grant	5,000	5,000
Salaries		
Administration	55,829	52,606
Security	28,245	27,458
Stewards and judges	126,024	120,164
Veterinarian services	42,379	41,663
Sundry	505	116
Support grant	5,600	
Telephone	6,659	5,445
Travel	40,227	34,035
	$ 584,125	$ 497,707

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2000

1. Nature of operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenditures related to program delivery and administrative activities of the Manitoba Horse Racing Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as funding for the Quarter Horse Meet. Funding for the General Support Fund is provided through the Manitoba Lotteries Distribution System.

During the year, the Commission discontinued administration of the Manitoba Standardbred Sires and Breeders Association (M. S. S. & B. A.) Fund, which is used for future stake races on the rural circuit, as well as nomination payments held in trust. The association assumed responsibility for administering these funds.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2000

2. Significant accounting policies

A) Revenue from the Province of Manitoba

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

B) Pension costs

These consists of the employer's share of pension benefits paid to retired employees, as well as the increase in unfunded pension liabilities during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years being determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 1998.

The commission follows generally accepted accounting principles with the exception of:

A) Capitalization and depreciation

The costs of building renovations and purchases of equipment and office furniture, which are immaterial in amount, are charged directly to operations. Accordingly, depreciation is not provided for in the accounts.

3. Change in method of accounting for pension liability and expenses

Effective April 1, 1999, the Commission changed to the accrual method of accounting for its unfunded pension liability. In prior years the expense was charged to earnings when incurred.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

The March 31, 1999 figures have been restated to provide comparative information for the provision for the employee pension benefits, the corresponding receivable from the Province of Manitoba, and pension costs.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2000

4. Fees, licenses and fines

	2000	1999
Assiniboia Downs		
Daily licenses	$ 51,660	$ 52,250
Fees and licenses	36,625	33,607
Fines	10,465	5,810
	98,750	91,667
Rural Circuit		
Daily licenses	3,500	2,875
Fees and licenses	2,150	1,225
Fines	375	4,350
	6,025	8,450
	$ 104,775	$ 100,117

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Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of the Insurance Council of Manitoba as at March 31, 2000 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada
April 19, 2000

INSURANCE COUNCIL OF MANITOBA

Statement of Financial Position

March 31, 2000, with comparative figures for 1999

		2000		1999
Assets				
Current assets:				
Cash	$	95,102	$	76,177
Short-term investments, at cost (note 2)		400,000		400,000
Prepaid expenses		1,639		20,796
		496,741		496,973
Capital assets (note 3)		66,027		81,969
	$	562,768	$	578,942
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued liabilities	$	30,173	$	43,467
Deferred revenue		72,762		68,902
		102,935		112,369
Net assets		459,833		466,573
Commitments (note 5)				
	$	562,768	$	578,942

See accompanying notes to financial statements.

INSURANCE COUNCIL OF MANITOBA

Statement of Operations and Changes in Net Assets

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Revenue:		
Licenses (note 4)	$ 423,229	$ 394,571
Examinations	22,040	27,851
Other	14,261	10,727
Interest income	28,170	26,945
	487,700	460,094
Expenses:		
Advertising, dues and subscriptions	3,869	2,565
Amortization	24,171	20,239
Bank charges and interest	1,067	973
Computer consulting fees	3,990	3,149
Council	25,719	24,164
Equipment leases	3,508	4,347
Insurance	2,702	2,642
Meetings and trips	31,503	25,840
Office and equipment rental	22,693	17,376
Postage and courier	17,417	8,902
Professional fees	40,803	32,271
Rent	40,377	33,813
Salaries and benefits	264,880	247,695
Telephone	10,078	11,064
Training	1,379	2,938
Loss on disposal of capital assets	284	-
	494,440	437,978
(Deficiency) excess of revenue over expenses	(6,740)	22,116
Net assets, beginning of year	466,573	444,457
Net assets, end of year	$ 459,833	$ 466,573

See accompanying notes to financial statements.

INSURANCE COUNCIL OF MANITOBA

Statement of Cash Flows

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenue over expenses	$ (6,740)	$ 22,116
Items not involving cash:		
Amortization of capital assets	24,171	20,239
Loss on disposal of capital assets	284	-
Change in non-cash operating working capital:		
Prepaid expenses	19,156	23,894
Accounts payable and accrued liabilities	(13,294)	30,504
Deferred revenue	3,860	7,192
	27,437	103,945
Financing and investing:		
Purchase of capital assets	(8,712)	(57,052)
Sale of capital assets	200	-
Purchase of investments	200,000	200,000
Sale of investments	(200,000)	(200,000)
	(8,512)	(57,052)
Increase in cash and short-term investments	18,925	46,893
Cash, beginning of year	76,177	29,284
Cash, end of year	$ 95,102	$ 76,177
Cash is defined as:		
Cash	$ 25,043	$ 42,085
Money market funds	70,059	34,092
	$ 95,102	$ 76,177

See accompanying notes to financial statements.

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

Year ended March 31, 2000

General:

The Council was created under the provisions of The Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents in Manitoba.

1. Significant accounting policies:

(a) Capital assets:

Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Asset	Rate
Furniture and fixtures	20% declining balance
Computer hardware and software	30% declining balance

(b) Fee revenue:

License fees are recognized as income over the term of the license period, other fee revenue is recognized as collected.

(c) Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

2. Short-term investments:

	2000	1999
Manitoba Hydro Bonds, 5%, maturing June 15, 2001	$ 200,000	$ 200,000
Manulife guaranteed investment certificate, 4.375%, maturing April 1, 2000	50,000	-
Manulife guaranteed investment certificate, 4.375%, maturing October 1, 2000	50,000	-
Manulife guaranteed investment certificate, 4.625%, maturing April 1, 2001	50,000	-
Manulife guaranteed investment certificate, 4.625%, maturing October 1, 2001	50,000	-
Laurentian Bank guaranteed investment certificate, 4.125%, maturing June 5, 1999	-	50,000
Laurentian Bank guaranteed investment certificate, 4.125%, maturing June 5, 1999	-	50,000
Victoria & Grey Trust guaranteed investment certificate, 4.30%, maturing June 5, 1999	-	50,000
National Trust guaranteed investment certificate, 4.3%, maturing June 5, 1999	-	50,000
	$ 400,000	$ 400,000

The fair value of the short-term investments approximates the carrying value at March 31, 2000 and 1999.

3. Capital assets:

			2000	1999
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 36,760	$ 21,096	$ 15,664	$ 14,926
Computer hardware	61,252	32,606	28,646	39,026
Computer software	56,540	34,823	21,717	28,017
	$ 154,552	$ 88,525	$ 66,027	$ 81,969

4. Licenses:

The Council and the Office of the Superintendent of Insurance of Manitoba levy fees on members. The Council acts as agent and remits 46% of license fees to the Office of the Superintendent of Insurance of Manitoba. This 46% is not included in the financial statements.

5. Commitments:

(a) Leases:

The Council leases its office premises under the provisions of an operating lease which expires July 31, 2002. The Council also leases equipment under the provisions of operating leases. Lease commitments to expiry of leases are as follows:

2001	$ 52,344
2002	51,435
2003	16,724

(b) Operating line of credit:

The council has available an operating line of credit up to $50,000 with interest at prime plus 1/2%, secured by $80,000 of Manitoba Hydro Bonds.

6. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Sill & Company
Chartered Accountants

AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF
KEEWATIN COMMUNITY COLLEGE:

We have audited the statement of financial position of **KEEWATIN COMMUNITY COLLEGE** as at **JUNE 30, 1999** and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at **JUNE 30, 1999** and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Sill + Company
CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
August 18, 1999

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Thomas Sill C.A.
(1927-1986) Founder

Partners
W.D. Bodman C.A.
K.W. Grower F.C.A.
S.G. Andrew C.A.
F.A. Wiebe C.A.
N. Fry C.A.
W.W. Findlater C.A.
M.A. Malazdrewicz F.C.A.
R.J. Martens C.A.
T.R. McKim F.C.A.
D.L. Anderson C.A.
A.A. DeVlaegere C.A.
R.W. Westlall C.A.
G.J. Meger C.A.
M.J. Mills C.A.
D.J. Einarson C.A.

Consultants
N. Fiske F.C.A.
R. Fiduk F.C.A.
K.M. McLean C.A.

KEEWATIN COMMUNITY COLLEGE

Statement 1

STATEMENT OF FINANCIAL POSITION
As at June 30, 1999

ASSETS	1999	1998
Current		
Cash (Note 3)	$	149,507
Short-Term Investments (Notes 2 and 4)	175,740	1,567,508
Accounts Receivable (Note 5)	1,304,050	966,128
Inventories (Note 2)	162,935	127,305
Prepaid Expenses	7,163	12,306
	1,649,888	2,822,754
Severance and Vacation pay funding (Note 10)	1,579,817	1,579,817
Trust and Endowment Fund		
Cash and Investments (Note 2 and 6)	60,386	69,939
Capital Assets (Notes 2 and 7)		
Equipment and Furniture	2,116,022	1,773,477
Library Holdings	714,161	714,161
	2,830,183	2,487,638
	6,120,274	6,960,148
LIABILITIES AND FUND BALANCES		
Current		
Bank indebtedness (Note 3)	895,205	
Payables and Accruals (Note 8)	867,600	734,078
Vacation accrual	961,331	931,814
Deferred Revenue (Notes 2 and 9)	458,196	447,810
	3,182,332	2,113,702
Severance pay liability (Note 10)	846,813	827,228
Deferred Contributions (Note 11)	1,309,132	1,347,296
Net Assets		
Contributed Surplus (Note 2)	218,701	218,701
Investment in Capital Assets (Notes 2 and 12)	1,521,052	1,140,342
General Operating Fund (Page 4)	(1,019,228)	
Trust and Endowment Fund (Page 4)	60,386	69,939
Appropriated for specific purposes (Note 13)	1,086	1,242,940
	781,997	2,671,922
	$ 6,120,274	6,960,148

Signed on behalf of the Board

Vice Chair

Chairperson

KEEWATIN COMMUNITY COLLEGE

Statement 2

STATEMENT OF OPERATIONS
For the year ended June 30, 1999

	General Operating Fund	Ancillary Services Fund	IUN Fund	Trust and Endowment Fund	Total Funds 1999	Total Funds 1998
Revenue and Other Additions						
Program tuition and fees	$ 1,532,072		235,924		1,767,996	2,516,732
Grants & Reimbursements	10,025,961		822,000		10,847,961	10,987,891
Market Driven Training Centre	1,796,429		21,806		1,818,235	1,741,771
Sundry and Other Revenue	664,882	1,065,323	175,671	133,953	2,039,829	1,443,398
Amortization of deferred contributions (Note 11)	466,964				466,964	381,204
	14,486,308	1,065,323	1,255,401	133,953	16,940,985	17,070,996
Expenditures and Other Deductions						
Academic	7,336,514				7,336,514	6,628,723
Administration	1,442,433				1,442,433	1,346,666
Program Support	1,582,033				1,582,033	1,162,734
Plant	1,723,572				1,723,572	1,810,603
Management Information Services	517,754				517,754	248,006
Library	283,862				283,862	199,774
Ancilliary		1,046,976			1,046,976	1,051,710
Contract Training	1,787,316				1,787,316	1,567,317
Continuing Education	32,640				32,640	14,000
Endowment				143,506	143,506	6,335
IUN			1,227,547		1,227,547	1,400,228
FYDE					0	614,833
Amortization on Capital Assets	561,358		27,854		589,212	542,863
	15,267,482	1,046,976	1,255,401	143,506	17,713,365	16,593,792
Excess (deficiency) of revenue over expenditures for year (Page 4)	$ (781,174)	18,347	0	(9,553)	(772,380)	477,204

STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 1999

	Contributed Surplus	Investment in Capital Assets	General Operating Fund	Ancillary Services Fund	IUN Fund	Trust and Endowment Fund	Appropriated for Specific Purposes	Total Funds 1999	Total Funds 1998
Balance, beginning of year	$ 218.701	1,140,342				69,939	1,242,940	2,671,922	2,576,508
Excess (deficiency) of revenue over expenditures for the year			(781,174)	18,347		(9,553)		(772,380)	477,204
Amortization capital assets (net of deferred contributions)		(122,248)	94,394		27,854			0	
Expenditures from appropriations							(1,117,545)	(1,117,545)	(351,940)
Interfund Transfers									
Capital		502,958	(350,795)		(27,854)		(124,309)	0	
Other			18,347	(18,347)				0	
IUN									
Capital Asset Transfer								0	(29,850)
Balance, end of year	$ 218,701	1,521,052	(1,019,228)	0	0	60,386	1,086	781,997	2,671,922

STATEMENT OF CASH FLOWS
For the year ended June 30, 1999

	Operating Activities 1999					Financing and Investing Activities 1999			
	General Operating & IUN Funds	Ancillary Fund	Appropriated for Specific Purposes	Total	1998 Total	Capital Fund	Trust and Endowment Fund	Total	1998 Total
Sources of cash									
Government	$ 10,863,386			10,863,386	11,121,787	428,800		428,800	428,800
Tuition and Training fees	3,161,514			3,161,514	3,398,754				
Bookstore		796,397		796,397	732,236				
Residence		260,444		260,444	295,455				
Donations							130,304	130,304	42,615
Other	930,790			930,790	601,311		3,649	3,649	1,237
Uses of cash									
Salaries and benefits	(10,755,597)	(374,028)		(11,129,625)	(9,647,098)				
Materials and supplies	(4,974,194)	(708,578)		(5,682,772)	(5,525,429)		(51)	(51)	
Scholarships				0	0		(143,455)	(143,455)	(6,335)
Purchase of capital assets				0	0	(947,869)		(947,869)	(677,330)
Special initiatives			(1,117,545)	(1,117,545)	(351,940)				
Net increase (decrease) in cash	(774,101)	(25,765)	(1,117,545)	(1,917,411)	625,076	(519,069)	(9,553)	(528,622)	(211,013)
Cash, Begining of year	1,717,015			1,717,015	1,769,269		69,939	69,939	32,422
Interfund transfers	(1,662,379)	25,765	1,117,545	(519,069)	(677,330)	519,069		519,069	248,530
Cash, end of year	(719,465)	0	0	(719,465)	1,717,015	0	60,386	60,386	69,939
Total cash at June 30, 1999 summarized as follows:									
Operating Fund	(719,465)								
Endowment Fund	60,386								
	(659,079)								
Comprised of:									
Cash	(895,205)								
Short-term investments	175,740								
	(719,465)								
Trust and Endowment - Cash and Equivalents	60,386								
	$ (659,079)								

1. OPERATIONS

Keewatin Community College operates under the authority of the Colleges Act, Chapter C150.1 of the continuing consolidation of the Statutes of Manitoba. This legislation, which established the College as a board-governed institution on April 1, 1993, allowed for the transfer of assets, liabilities, equity in capital assets and contributed surplus from the Province of Manitoba.

The College has tax-exempt status as a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

General

In accordance with generally accepted accounting principles, the College utilizes the accrual basis of accounting for all revenue (additions to net assets) and expenditures (deductions from fund balances) except liabilities for Civil Service Superannuation Plan (Note 13). The College follows the deferral method of accounting for contributions. This presentation is in conformance with the CAUBO Financial Reporting Guide published by the Canadian Association of University Business Officers.

Fund Accounting

The College maintains its accounts in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of the available resources are observed. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. For financial reporting purposes, accounts with similar characteristics or objectives have been combined to establish the various funds.

General Operating Fund

Accounts for revenues and expenditures associated with primary education activities of the College.

Ancillary Services Fund

Accounts for revenues and expenditures associated with the provision of goods and services by the bookstore and residence.

Trust and Endowment Fund

Accounts for donations and monies held in trust which are to be expended for specific activities related to the College.

Contributed Surplus

Accounts for equity transferred to the college upon Governance, April 1, 1993. Specifically, contributed surplus is comprised of:

Opening equity, April 1, 1993	265,154
Bad debts incurred on accounts receivable included in opening equity	(46,453)
	$ 218,701

No transactions occurred during the year ended June 30, 1999.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Appropriated for Specific Purposes

Accounts for Board of Governor authorized appropriations for expenditures for outstanding purchases pertaining to the budget year, along with initiatives undertaken by the College outside of the normal budget process.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated, collection to be received can be reasonably estimated, and collection is reasonably assured. Endowment contributions are recognized as direct increase in the Endowment Fund balance.

Short-Term Investments

Investments are recorded at the lower of cost or net realizable value. Investment revenue is accrued and reported as earned.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Library Holdings

Library holdings are valued using the "base stock" method of reporting. Under this method, the library holdings value represents the holdings transferred upon governance. No amortization is taken on library holdings.

Capital Assets

Capital assets are credited to investment in capital assets to reflect capital asset acquisitions. Equity in assets under capital lease is recorded at the time the obligation is paid.

Capital assets are amortized on a straight-line basis over five years beginning in the year after the purchase. Amortization is charged to operations at the year end of the College.

Deferred Revenue

Contract Training - Deferred contract revenue is the portion of fees received prior to year end which related to programs and services to be delivered after year end.

Tuition Fees - Tuition fees are recognized in the period the program or course is offered on the basis of elapsed time.

IUN - This represents revenue relating to the operations of Inter-Universities North thatpertains to the 1988/1989 year.

Donations

Donations are reported when received. Donations of material and equipment are reported at fair market value.

Severance Pay

See Note 10 for change in accounting policy.

KEEWATIN COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS
June 30, 1999

3. CASH (BANK INDEBTEDNESS)

Cash is comprised of the following:

		1999	1998
Petty cash	$	2,625	2,425
Province of Manitoba payroll account		(527,912)	6,878
Royal Bank		(418,927)	2,711
Royal Bank - IUN		46,736	135,377
Mastercard			44
Key Accounts		2,273	2,073
	$	(895,205)	149,507

4. SHORT-TERM INVESTMENTS

All investment activity is transacted with the Department of Finance. Province of Manitoba in short-term deposits. Short-term investments held at June 30, 1999 are as follows:

Interest Rate	Due Date			Amount
4.45%	Aug 31/99	KCC	$	105,484
4.45%	Aug 31/99	IUN		70,256
			$	175,740

Market value approximates cost for these investments.

5. ACCOUNTS RECEIVABLE

		1999	1998
GST/PST receivable	$	19,810	45,901
Other		4,697	66,530
Receivables Bookstore/Tuition		342,933	264,479
IUN receivables		88,485	35,014
Employee Computer Purchases		6,418	8,047
Accountable advances		9,054	10,675
Contracts receivable		599,474	216,216
Residence		20,185	11,703
Direct Purchases Federal Government			5,039
Property taxes receivable		204,726	203,790
ACRS Grant		133,139	133,139
		1,428,921	1,000,533
Allowance for doubtful accounts		124,871	34,405
	$	1,304,050	966,128

6. TRUST AND ENDOWMENT FUND - CASH AND INVESTMENTS

	1999	1998
Cash	$ 50,124	59,685
Province of Manitoba short-term deposit (4.70% due December 9, 1999)	10,263	10,254
	$ 60,386	69,939

7. CAPITAL ASSETS

	1999		1998	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture/Office	$ 196,264	136,838	192,500	119,874
Equipment	1,695,950	1,295,781	1,605,366	1,133,826
Computer equipment	3,516,235	2,010,961	2,882,888	1,687,002
Vehicle/mobile equipment	215,765	64,611	81,697	48,272
Library holdings	714,161		714,161	
	6,338,375	3,508,191	5,476,612	2,988,974
Net book value	$ 2,830,184		2,487,638	

8. PAYABLES AND ACCRUALS

	1999	1998
Student Associations	$ 6,839	3,570
KCC Trades Payables	58,313	85,584
IUN Trades Payables	122,945	28,318
Wages Payables	330,485	264,418
Benefits Payable	10,746	7,900
Miscellaneous	407	7,359
Property Taxes	204,726	203,790
ACRS billing	133,139	133,139
	$ 867,600	734,078

9. DEFERRED REVENUE

	1999	1998
Tuition fees	$ 1,109	20,329
IUN	115,460	268,129
Contract training	17,986	159,352
Other	323,641	
	$ 458,196	447,810

10. SEVERANCE PAY

The College has recorded accumulated severance pay benefits for its employees as calculated at April 1, 1998. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and age 55 and retires from the College. For those employees who have nine years service and are age 55 or over, 100% of the benefit was recorded based on the employee's current salary. For those employees who have not yet reached these thresholds, a provision was recorded based on their current salary and years of service discounted based on estimates of continued employment with the College until retirement. These estimates are based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the total severance benefit accumulated by the College's employees to March 31, 1998, both actual and estimated. Accordingly, the severance pay liability was assumed by the College on April 1, 1998 at a balance of $827,228 and was completely offset by a receivable from the Province at that time. The comparative figures as at June 30, 1998 have been restated to reflect this agreement. There are no terms of repayment for this receivable, and the amount will remain fixed at $827,228.

Subsequent to accepting the accumulated severance benefit liability as calculated by the Province of Manitoba on April 1, 1998, the College has adopted a policy to accrue additional benefits only for those employees actually entitled to payment at the current time. The provision for estimated benefits for non-qualifying employees will remain fixed at the April 1, 1998 amount and will be increased only by amounts accrued but no longer required for employees over age 55.

The liability at June 30 is comprised of the following amounts:

	1999	1998
Actual liability for employees meeting criteria	$ 165,648	183,368
Provision for estimated benefits for other employees	681,165	643,860
	$ 846,813	827,228

If the Province of Manitoba's methodology had been applied as at June 30, 1999 an additional $99,663 would be required in the provision for estimated benefits, with a resulting total liability of $946,476.

11. DEFERRED CONTRIBUTIONS

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statements of operations at rates which match the amortization of the related capital asset purchased with the donation or grant.

	1999	1998
Balance, beginning of year	$ 1,347,296	1,299,700
Additional contributions received	428,800	428,800
Less amounts amortized to revenue	(466,964)	(381,204)
Balance, end of year	$ 1,309,132	1,347,296

12. INVESTMENT IN CAPITAL ASSETS

A. Investment in capital assets is calculated as follows:

	1999	1998
Capital assets	$ 2,830,184	2,487,638
Amounts financed by Deferred contributions	1,309,132	1,347,296
	$ 1,521,052	1,140,342

B. Change in net assets invested in capital assets is calculated as follows:

Excess of revenues over expenditures	1999	1998
Amortization of deferred contributions related to capital assets	$ 466,964	381,204
Amortization of capital assets	(589,212)	(542,863)
	(122,248)	(161,659)

Net changes in investment in capital assets		
Purchase of capital assets	947,869	677,330
Amount funded by deferred contributions	(428,800)	(428,800)
Disposal of capital assets	(7,259)	(5,037)
Restated value of capital assets 1997/98	(8,852)	
	$ 502,958	243,493

13. APPROPRIATION FOR SPECIFIC PURPOSES

The balances are broken down by major category as follows:

	Balance June 30, 1998	1998 Approp	Transfers	Expended Operating	Expended Capital	Balance June 30, 1999
Distance Education Program	$ 392,359		(15,479)	(258,057)	(118,823)	0
MIS	317,392		(341)	(317,051)		0
Parallel run for changeover	20,000			(20,000)		0
IUN computers	1,086					1086
Computer obsolescence	120,144		(37,072)	(77,586)	(5,486)	0
Pres Contingency	10,468		(3,562)	(6,906)		0
Renovations Registration/ Admissions	280		(280)			0
Provision for property taxes	30,000			(30,000)		0
New hirings	15,094			(15,094)		0
College Renewal	255,893		92,008	(347,901)		0
Smoking Room	48,000		(3,050)	(44,950)		0
Quality Tasks	32,224		(32,224)			0
	$ 1,242,940	0	0	(1,117,545)	(124,309)	1,086

14. PENSION COSTS AND OBLIGATIONS

The College's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan, a defined benefit pension plan. No decision has been made as to who is to fund the accumulated superannuation liabilities for Keewatin Community College. Until a decision is finalized, the Province of Manitoba is continuing to pay the employer payments in respect of the Community College employees. Accordingly, no disclosure has been made in the financial statements relating to the effects of participation in the pension plan by the College and its employees.

15. CONTRACTUAL OBLIGATIONS

The College has commitments with respect to contracts over the next four years estimated as follows:

1999/2000	$ 326,289
2000/2001	76,734
2001/2002	46,296
2002/2003	4,257

16. COMPARATIVE FIGURES

Certain of the comparative figures for the year ended June 30, 1999 have been reclassified to provide better comparison with the current year's presentation.

17. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the College's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Sill & Company
Chartered Accountants

AUDITORS' COMMENTS ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF GOVERNORS OF
KEEWATIN COMMUNITY COLLEGE:

The audited financial statements of the College as at **JUNE 30, 1999** and our report thereon dated August 18, 1999 are presented in the preceding section of this report. The supplementary information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, they are fairly presented in all material respects in relation to the financial statements taken as a whole.

Sill + Company

CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
August 18, 1999

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Thomas Sill C.A.
(1927-1986) Founder

Partners
W.D. Bodman C.A.
K.W. Grower F.C.A.
S.G. Andrew C.A.
F.A. Wiebe C.A.
N. Fry C.A.
W.W. Findlater C.A.
M.A. Malazdrewicz F.C.A.
R.J. Mertens C.A.
T.R. McKim F.C.A.
D.L. Anderson C.A.
A.A. DeVliegere C.A.
R.W. Westlall C.A.
G.J. Moger C.A.
M.J. Millis C.A.
D.J. Einarson C.A.

Consultants
N. Fiske F.C.A.
R. Filuk F.C.A.
K.M. McLean C.A.

KEEWATIN COMMUNITY COLLEGE

Schedule 1

SCHEDULE OF GENERAL OPERATING FUND
For the year ended June 30, 1999

	1999	1998
REVENUES		
Academic Training Fees		
Program Tuition and Fees	$ 1,532,072	1,787,783
Grants		
Provincial:		
Operating Grants	8,618,481	8,235,234
Propery Taxes	377,500	377,500
ACCESS	497,425	584,190
ACRS	532,555	537,122
	10,025,961	9,734,046
Market Driven/Contract Training (Schedule 2)	1,796,429	1,741,771
Sundry and Other Revenue		
Interest	50,192	86,080
Other	614,690	223,039
	664,882	309,119
Amortization of deferred contributions	466,964	381,204
Total revenues (carried forward)	$ 14,486,308	13,953,923

KEEWATIN COMMUNITY COLLEGE

Schedule 1

SCHEDULE OF GENERAL OPERATING FUND
For the year ended June 30, 1999

	1999	1998
Total Revenues (brought forward)	$ 14,486,308	13,953,923
EXPENDITURES		
Academic		
Salaries:		
Instructional	5,239,186	4,335,240
Administrative	426,534	510,117
	5,665,720	4,845,357
Fringe Benefits	476,408	423,648
Operating	1,194,386	1,359,717
	7,336,514	6,628,722
Administration		
Salaries	846,627	703,222
Fringe Benefits	72,318	59,177
Operating	523,488	584,267
	1,442,433	1,346,666
Program Support		
Salaries	1,033,239	719,223
Fringe Benefits	86,928	82,207
Operating	461,866	361,304
	1,582,033	1,162,734
Plant		
Salaries	348,662	355,977
Fringe Benefits	35,238	38,544
Operating	1,339,672	1,416,082
	1,723,572	1,810,603
Management Information Services		
Salaries:		
Administrative	147,243	80,105
Program Support	147,242	80,105
	294,485	160,210
Fringe Benefits	26,973	16,690
Operating	196,296	71,106
	517,754	248,006
Library		
Salaries	198,811	140,495
Fringe Benefits	17,378	13,993
Operating	67,673	45,286
	283,862	199,774
Contract Training (Schedule 2)	1,787,316	1,567,317
Continuing Education (Schedule 3)	32,640	14,000
Amortization on Capital Assets	561,358	520,696
	2,381,314	2,102,013
Total expenditures	15,267,482	13,498,518
Excess of revenue over expenditures for the year	$ (781,174)	455,405

KEEWATIN COMMUNITY COLLEGE

Schedule 2

SCHEDULE OF CONTRACT TRAINING OPERATIONS

For the year ended June 30, 1999

	1999	1998
Revenue		
Contract Training	$ 1,796,429	1,685,586
Indirect Training Contracts - Federal		56,185
	1,796,429	1,741,771
Direct Expenditures		
Instructional Salaries	662,201	719,685
Fringe Benefits	58,283	96,503
Operating	718,323	485,708
	1,438,807	1,301,896
Gross Revenue	357,622	439,875
Indirect Expenditures		
Administrative Salaries	271,137	207,430
Fringe Benefits	24,434	21,689
Other Operating	52,938	36,302
	348,509	265,421
Excess of revenue over expenditures for the year	$ 9,113	174,454

Certain College expenditures such as security, janitorial and general administration have not been allocated to direct expenditures.

SCHEDULE OF CONTINUING EDUCATION OPERATIONS
For the year ended June 30, 1999

		1999	1998
Revenue			
Evening School - On Campus	$	13,771	88,953
Regional Centres			137,393
		13,771	226,346
Direct Expenditures			
Instructional Salaries		1,368	112,083
Gross Revenue		12,403	114,263
Indirect Expenditures			
Administrative Salaries		20,672	184,382
Fringe Benefits		1,870	19,279
Operating		8,730	59,207
		31,272	262,868
Excess (deficiency) of revenue over expenditures for the year	$	(18,869)	(148,605)

Continuing Education revenue and expenditure has been restated for 1998/99.

Certain College expenditures such as security, janitorial and general administration have not been allocated to direct expenditures.

KEEWATIN COMMUNITY COLLEGE

Schedule 4

SCHEDULE OF ANCILLARY SERVICES OPERATIONS

For the year ended June 30, 1999

		Bookstore	Residence	Total 1999	Total 1998
Revenue	$	796,397	268,926	1,065,323	1,035,993
Cost of Goods Sold		584,258		584,258	560,428
Gross Profit		212,139	268,926	481,065	475,565
Direct Expenditures					
Salaries		92,257	248,463	340,720	328,581
Benefits		9,206	24,102	33,308	31,997
Operating		11,317	77,373	88,690	130,704
Excess (deficiency) of revenue over expenditures for year	$	108,565	(56,910)	18,347	(15,718)

Certain College expenditures such as security, janitorial and general administration have not been allocated to direct expenditures, except for security and janitorial for Thompson Residence.

KEEWATIN COMMUNITY COLLEGE

Schedule 5

SCHEDULE OF INTER-UNIVERSITIES NORTH OPERATIONS
For the year ended June 30, 1999

	IUN	CROSS LAKE	NELSON HOUSE	NORWAY HOUSE	TOTAL 1999	TOTAL 1998
Revenue						
Grant	$ 822,000				822,000	1,253,845
Tuition	235,924				235,924	728,949
Contract Program	21,806				21,806	0
Investment Income	3,207				3,207	0
Miscellaneous	73,237	(51,866)		(6,076)	15,295	177,489
	1,156,174	(51,866)	0	(6,076)	1,098,232	2,160,283
Deferred revenue :						
Beginning of year	153,790	69,549	2,986	41,804	268,129	145,074
End of year	(57,720)	(14,505)	(2,986)	(35,749)	(110,960)	(268,129)
	1,252,244	3,178	0	(21)	1,255,401	2,037,228
Direct Expenditures						
Salaries	669,928				669,928	1,021,874
Benefits	60,823	129		(21)	60,931	95,194
Operating (Note 1)	521,493	3,049		0	524,542	920,160
(Note 2)	1,252,244	3,178	0	(21)	1,255,401	2,037,228
Excess of revenue over expenditures	$ 0	0	0	0	0	0

Note 1: Amortization on IUN capital assets of $27,854 is included in IUN operating expense.

Note 2: IUN Totals for 1998 include FYDE revenue and expenditures of $614,833.

TRUST AND ENDOWMENT FUND
SCHEDULE OF CHANGES IN FUND BALANCES
For the year ended June 30, 1999

		1999	1998
Revenue			
Donations	$	130,304	42,615
Interest		3,649	1,237
		133,953	43,852
Expenditures			
Scholarships		143,455	6,335
Office Expenses - Bank Charges		51	
		143,506	6,335
Net increase (decrease) in Fund Balance	$	(9,553)	37,517

KEEWATIN COMMUNITY COLLEGE

Schedule 7

TRUST AND ENDOWMENT FUND
SCHEDULE OF CHANGES IN ACCOUNT BALANCES

For the year ended June 30, 1999

		Balance July 1, 1998	Receipts	Disbursements	Transfers	Balance June 30, 1999
General Accounts - Interest Bearing	$	59,685	133,489	(143,506)	455	50,124
Other Accounts						
Province of Manitoba		10,254	463		(455)	10,263
Total Trust and Endowment Fund	$	69,939	133,953	(143,506)	0	60,386

The transfer shown represents the deposit of interest received for the year on short-term deposits into the general account of $455.00.

KEEWATIN COMMUNITY COLLEGE

Schedule 8

SCHEDULE OF COMPENSATION – BILL 57
For the year ended June 30, 1999

As required under bill 57, the Public Sector Compensation Disclosure Act of the Province of Manitoba, the College must disclose to the public the amount of compensation it pays or provides in the fiscal year, directly or indirectly, to, or for the benefit of, each of its officers and employees, where compensation is $50,000 or more. For the year ended June 30, 1999, the required disclosure is as follows:

Name	Position	Compensation
Acorn, M	Vocational Trades Instructor	$ 50,655
Barber, S	Transition Year Program Instructor	51,522
Barrow, D	Director, Learning Innovations	52,844
Beckingham, V	Director, Academic Operations	57,265
Berezitzky, F	Eng. & Computer Technology Instructor	51,416
Bertholet, C	Industrial Trades Instructor/Department Head	52,766
Boland, R	Related Instructor	54,568
Bolton, C	Dental Assistance Instructor	50,678
Bos, A	Acting President	86,380
Brand, G	Related Instructor	61,063
Buchburger, B	Related Instructor	50,667
Cantion, D	Vocational Trades Instructor	50,667
Cook, M	Director, Human Resources	58,143
Daly, A	Trades Department Head	51,771
Despins, C	Acting, Director Finance and Admin.	61,353
Dick, G	Guidance Counsellor	52,844
Driedger, K	Recreation Instructor	53,923
Dutchuk, S	Nursing Instructor	54,568
Ferland, H	Aboriginal Studies Instructor	53,184
Forsyth, W	Related Instructor	50,505
Gale, G	Industrial Trades Instructor	51,680
Geller, P	Transition Year Programs Instructor	55,667
Girling, C	Director, Student Life and Registrar	54,755
Gregoire, W	Related Instructor	54,864
Guiboche, M	Student Recruitment Officer	53,971
Hanchuk, E	Related Instructor	50,667
Hebert, R	Nursing Instructor	55,765
Henderson, J	Training Consultant	54,216
Hill, C	Related Instructor	57,370
Hinton, R	President	119,023
Hlady, G	Eng. & Computer Technology Instructor	50,212
Jonasson, K	Director, Extension Services	58,637
Khawaja, A	Director, Thompson Campus	70,523
Klimchuk, P	Dental Assistance Instructor/Coordinator	52,524
Kolebaba, R	Vocational Trades Instructor/Department Head	53,075
Kozun, D	Nursing Instructor	54,568
Kruk, B	Eng. & Computer Technology Instructor	55,801
Lagimodiere, J	Guidance Counsellor	54,043
Lauvstad, D	Director, College Planning & External Relations	65,209

KEEWATIN COMMUNITY COLLEGE

Schedule 8

SCHEDULE OF COMPENSATION – BILL 57

For the year ended June 30, 1999

Name	Position	Compensation
Larocque, D	Faculty of Management Instructor	52,228
Lees, M	Nursing Instructor	55,905
Lord, H	Renewable Resources Instructor	54,568
Martin, J	College Elder	60,714
McLeod, P	Guidance Counsellor	52,844
McPherson, E	Guidance Counsellor	52,516
Melnick, L	Curriculum Development	51,484
Mirza-Agha, M	Related Instructor/Department Head	56,871
Misling, R	Industrial Trades Instructor/Coordinator	54,048
Morrison, A	Eng. & Computer Tech. Instructor/Coordinator	54,775
Murray, B	Training Consultant	52,508
Nathaniel, V	Related Instructor	54,807
Nordick, C	Nursing Instructor	53,823
Oman, M	Construction Trades Instructor	51,915
Page, T	Illustrator	65,874
Peter, S	Eng. & Computer Tech. Inst./Department Head	58,032
Pringle, C	Director, IUN	65,827
Reddy, C	Program Coordinator	58,934
Riauka, V	Related Instructor	59,377
Robertson, E	Training Consultant	52,210
Robinson, A	Faculty of Management Instructor/Coordinator	52,879
Roth, K	Related Instructor	53,501
Rowbotham, B	Faculty of Management Instructor	54,568
Rudolf, H	Construction Trades Instructor	50,667
Sargent, J	Related Instructor/Curriculum Development	55,767
Scott, R	Renewable Resources Inst./Department Head	52,789
Seniuk, C	Related Instructor	51,155
Senow, J	Vocational Trades Instructor	51,036
Shand, D	Computer Programmer	50,311
Skokun, M	Nursing Instructor	52,543
Skokun, R	Faculty of Management Instructor	54,568
Srinivas, K	Eng. & Computer Tech. Inst./Department Head	57,538
Stepaniuk, J	Renewable Resources Instructor	53,429
Storm, S	Transition Year Programs Department Head	51,453
Sulik, J	Early Childhood Education Instructor	51,354
Szeszycki, J	Related Instructor	53,780
Trowell, W	Renewable Resources Instructor/Coordinator	52,439
Tugulea, A	Eng. & Computer Technology Instructor	56,428
Wain, W	Faculty of Management Instructor	50,826
Young, D	Director, Aboriginal Initiatives	70,505
Yuzark, R	Faculty of Management Instructor	55,415
Zeran, V	Nursing Instructor	52,330

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Legal Aid Services Society of Manitoba

We have audited the balance sheet of The Legal Aid Services Society of Manitoba as at March 31, 2000 and the statements of revenue and expenditure and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Legal Aid Services Society of Manitoba as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Larry Unryn

Winnipeg, Manitoba
August 14, 2000

Larry Unryn, CA
for the Provincial Auditor

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Balance Sheet
as at March 31, 2000
(with 1999 figures for comparison)

	2000	1999
ASSETS		
Current Assets		
Bank	$ 558,750	$ 477,539
Client accounts receivable, net (Note 3)	960,809	942,715
Receivable from the Province of Manitoba	106,000	0
Other receivables, net (Note 4)	103,524	106,169
Prepaid expense	63,155	61,114
	1,792,238	1,587,537
Long-term receivable from the Province of Manitoba (Note 5)	716,166	716,166
Long-term funding commmitments - Province of Manitoba (Note 12)	6,432,631	5,704,622
	$ 8,941,035	$ 8,008,325
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 754,964	$ 475,412
Accrued vacation pay	631,671	576,235
Deferred revenue from clients	348,009	316,727
Deferred contribution from Province of Manitoba (Note 6)	170,770	153,912
	1,905,414	1,522,286
Severance liability (Note 5)	843,227	765,290
Provision for employee pension benefits (note 12)	6,432,631	5,704,622
Net Assets	(240,237)	16,127
	$ 8,941,035	$ 8,008,325

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Revenue and Expenditure, and Net Assets
for the year ended March 31, 2000
(with 1999 figures for comparison)

	2000	1999
Revenue		
Province of Manitoba (Note 7)	$ 14,178,983	$ 13,377,396
Manitoba Law Foundation (Note 8)	1,687,438	835,148
Contributions from clients	914,303	804,437
Recoveries from third parties	639,459	548,294
Government of Canada	1,593	1,617
Judgment costs and settlements	139,115	125,787
Interest income	29,534	27,467
Other	0	500
	$ 17,590,425	$ 15,720,646
Expenditure		
Private bar fees and disbursements, net (Note 11)		
Legal aid certificates	$ 6,918,329	$ 6,329,222
Duty counsel services	135,109	161,064
Transcripts and Other Contributed Services	84,893	98,796
	7,138,331	6,589,082
Community Law Centres, Schedule 1	6,683,091	6,091,651
Public Interest Law Centre, Schedule 1	534,231	425,290
University Law Centre, Schedule 1	77,236	63,761
General and administrative, Schedule 1	3,413,900	2,579,411
	$ 17,846,789	$ 15,749,195
Excess of revenue over (under) expenditure, operations	(256,364)	(28,549)
Excess of revenue over (under) expenditure, special trial (note 6)	0	0
Excess of revenue over (under) expenditure	(256,364)	(28,549)
Net Assets, beginning of year	16,127	44,676
Net Assets, end of year	$ (240,237)	$ 16,127

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Cash Flow
for the year ended March 31, 2000
(with 1999 figures for comparison)

	2000	1999
Cash Flow Provided by (Used In) Operating Activities:		
Excess of revenue over (under) expenditure for the year	$ (256,364)	$ (28,549)
Add (deduct) items not affecting cash		
Bad Debt Expense	321,251	161,795
Changes in working capital:		
Client accounts receivable	(339,346)	(118,893)
Province of Manitoba receivable	(106,000)	(381,166)
Other receivables	2,645	(72,679)
Prepaid expense	(2,041)	115,308
Accounts payable and accrued vacation pay	334,988	(170,572)
Deferred revenue	31,283	(19,999)
Deferred contribution from Province of Manitoba	16,858	153,912
	3,274	(360,843)
Cash Flow Provided by (Used In) Financing Activities:		
Increase in long-term fuding commitments	(728,009)	(5,704,622)
Increase in severance liability	77,937	765,290
Increase in provision for employee pension benefits	728,009	5,704,622
	77,937	765,290
Net Increase/(Decrease) in Cash for the Year	81,211	404,447
Cash - Beginning of Year	477,539	73,092
Cash - End of Year	558,750	477,539

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

SCHEDULE 1

Schedule of Expenditures
for the year ended March 31, 2000
(with 1999 figures for comparison)

	COMMUNITY LAW CENTRES		PUBLIC INTEREST LAW CENTRE		UNIVERSITY LAW CENTRE		GENERAL AND ADMINISTRATIVE		TOTAL	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Advertising	$ 0	$ 232	$ 0	$ 0	$ 0	$ 0	$ 16,320	$ 14,263	$ 16,320	$ 14,495
Bad debts	0	0	0	0	0	0	321,251	161,795	321,251	161,795
Bank charges	0	0	0	0	0	0	1,852	1,922	1,852	1,922
Board expenses	0	0	0	0	0	0	31,319	30,577	31,319	30,577
Collection costs	0	0	0	0	0	0	18,810	15,257	18,810	15,257
Computer costs	84,798	62,903	5,788	1,942	0	0	97,340	33,112	187,926	97,957
Duty counsel	100,480	88,380	0	0	0	0	3,360	1,502	103,840	89,882
Equipment maintenance	57,604	54,042	3,810	0	0	0	24,949	22,460	86,363	76,502
Expert witnesses & consultants	0	0	65,911	36,654	0	0	0	0	65,911	36,654
File disbursements	250,544	218,723	63,217	36,327	1,178	1,366	6,088	4,234	321,027	260,650
Furniture and equipment, net of disposals	68,231	9,291	5,619	469	0	0	30,129	8,604	103,979	18,364
Library	43,164	39,563	9,880	9,447	324	323	11,671	14,518	65,039	63,851
Meetings	9,402	5,376	394	0	0	0	19,489	12,507	29,285	17,883
Office expenses	150,333	149,727	15,322	9,800	3,178	2,153	122,409	108,094	291,242	269,774
Office relocation	2,675	0	479	0	0	0	5,261	0	8,415	0
Pension costs (note 12)	0	0	0	0	0	0	758,882	415,942	758,882	415,942
Premise costs	375,459	377,497	17,739	18,433	0	23	114,380	109,314	507,578	505,267
Professional fees	136,458	139,249	11,778	11,005	10,500	4,300	116,913	157,183	275,649	311,737
Salaries, benefits and levy	5,027,633	4,601,257	317,445	291,334	57,000	50,483	1,508,222	1,359,852	6,910,300	6,302,926
Severance Liability	0	0	0	0	0	0	77,937	49,125	77,937	49,125
Staff development	25,277	22,048	4,455	3,299	0	0	49,582	3,159	79,314	28,506
Staff recruitment	3,244	9,126	0	487	0	0	0	7,235	3,244	16,848
Telephone	107,130	106,559	5,364	1,391	1,775	1,985	58,155	38,656	172,424	148,591
Transcripts and Other Contributed Services	89,000	94,066	0	0	0	0	0	0	89,600	94,000
Travel	151,059	113,612	7,030	4,702	3,281	3,128	19,581	10,100	180,951	131,542
TOTAL	$ 6,683,091	$ 6,091,651	$ 534,231	$ 425,290	$ 77,236	$ 63,761	$ 3,413,900	$ 2,579,411	$ 10,708,458	$ 9,160,113

Notes to Financial Statements
for the year ended March 31, 2000

1. Nature of the Society

The Legal Aid Services Society of Manitoba (the Society) was established by an Act of the Legislative Assembly of Manitoba.

The objects of the Society, as set out in the Act, are:

- to provide legal advice and services to individuals, groups and organizations who, left to their own means, could not afford to retain the service of a lawyer.
- to furnish legal aid advice to groups and organizations involving matters of an interest common to members of the group and relating to issues of public interest such as, but not restricted to, consumer and environmental issues.

The Society is economically dependent upon the Province of Manitoba. Other revenue sources include the Manitoba Law Foundation, individual clients, and third party agencies.

2. Significant Accounting Policies

a) Accounting Basis

The financial statements are prepared on an accrual basis of accounting except for:

i) Private bar fees and disbursements which are recognized as expenditures based on lawyers' billings dates rather than the dates of providing required services.

ii) Capital Assets are charged to operations in the year acquired. Proceeds of disposal are reflected as reductions to expenditures.

b) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by the Legal Aid Services Society of Manitoba based on the clients' ability to pay.

i) Agreements to Pay

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the legal aid certificate. The revenue and receivable are recognized when the certificate is signed.

ii) Expanded Eligibility

Under terms of expanded eligibility, clients are required to pay all of the legal costs and an administration fee of 25%. The revenue and receivable are recognized based on the date of the lawyer's billing.

iii) Charges on Land

Charges on Land are registered under Section 17 of the Legal Aid Services Society Act in Land Titles on property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

c) Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded against receivables based on a specific review of accounts, except for the allowance against charges on land, which is recorded at 50% of the outstanding balance.

d) Contributed Services

Under an arrangement between the Society and the Department of Justice, the Department provides transcripts and other services to the Society at no cost. The value of these contributed services is recorded as revenue and as an expenditure.

e) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

f) Pension Plan

Employees of the Society are pensionable under the Civil Service Superannuation Act. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial valuation.

3. Client Accounts Receivable, net

	2000	1999
Agreements to Pay	$ 63,188	$ 67,464
Expanded Eligibility	416,444	412,878
Charges on Land	1,538,391	1,463,489
	2,018,023	1,943,831
Less: Allowance for Doubtful Accounts	1,057,214	1,001,116
Clients Accounts Receivable, net	$ 960,809	$ 942,715

Notes to Financial Statements
for the year ended March 31, 2000

4. Other Receivables, net

	2000	1999
Court Costs	$ 188,501	$ 167,557
Child & Family Services	9,606	11,882
Social Services	82,728	24,093
Employee Advances and GST Recoverable	3,081	3,039
	283,916	206,571
Less: Allowance for Doubtful Accounts	180,392	100,402
Other Receivables, net	$ 103,524	$ 106,169

5. Severance pay benefits

Effective April 1, 1998, Legal Aid is recording accumulated severance pay benefits for their employees. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and retires from Legal Aid. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province accepted responsibility for the severance benefits accumulated by Legal Aid employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 of $716,166 was completely offset by a receivable from the Province. There are no terms of repayment for the receivable, and the amount will remain fixed at $716,166.

6. Special Trial

During the fiscal year ended March 31, 1999, Legal Aid retained counsel for a number of accused under a special order from the Province of Manitoba. These retainers are not governed by Legal Aid tariff or regulations but are a special agreement between the Private Bar and Legal Aid. All funding received from the Province of Manitoba for this trial is restricted solely for expenditures incurred in the process of defending those accused. Any funding not committed at the end of the special trial must be returned to the Province of Manitoba.

	2000	1999
Revenue from the Province of Manitoba	$ 1,816,360	$ 157,088
Expenditures, Private Bar	1,816,360	157,088
Excess of revenue over (under) expenditure	$ 0	$ 0

At March 31, 2000, Legal Aid was holding $170,770 in deferred contributions from the Province of Manitoba pertaining to this special trial.

7. Revenue from the Province of Manitoba

	2000	1999
Grant	$ 7,393,120	$ 7,056,940
Salaries and other payments	6,065,741	5,625,493
Health and post secondary education tax levy	129,284	125,194
Employer portion of employee benefits	416,345	376,907
Contributed Services	174,493	192,862
	$ 14,178,983	$ 13,377,396

Funding from the Province of Manitoba includes the Society's share of provisions recorded for unfunded pension liabilities.

8. Revenue from the Manitoba Law Foundation

	2000	1999
Statutory Grant	$ 1,492,438	$ 690,148
Public Interest Law Centre	150,000	100,000
University Law Centre	45,000	45,000
	$ 1,687,438	$ 835,148

A statutory grant, pursuant to subsection 65(1) of The Law Society Act, is received annually from The Manitoba Law Foundation. The Society's share under the Act is 50% of the total interest on lawyers' trust accounts as received by the Foundation or a minimum of $1,007,629, whichever is greater. In the event that interest received by the Foundation in the preceding year, after deduction of the Foundation's operational expenses, is not sufficient to pay the statutory minimum of $1,007,629 to The Legal Aid Services Society, the Act provides for pro-rata sharing of the net interest.

For March, 2000 the amount of the grant exceeded the minimum due to higher interest rates during 1998/99 and the level of lawyer trust accounts.

Other grants from The Manitoba Law Foundation are received pursuant to subsection 65(4) of The Law Society Act. These grants are restricted for the Public Interest Law Centre and the University Law Centre. At March 31, 2000, there were no unrestricted funds remaining from these grants.

9. Commitments

i) Lease

The Society rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates to March 31, 2005 are:

2001	$ 393,667
2002	$ 422,473
2003	$ 365,079
2004	$ 334,227
2005	$ 334,227
	$ 1,849,673

ii) Private Bar

Estimated total commitments for future billings on outstanding legal aid certificates amount to $7,284,000 as at March 31, 2000 (1999 - $6,941,000).

10. Related Parties Transactions

The Society is related in terms of common ownership to all Province of Manitoba created departments, agencies and crown corporations. The Society enters into transactions with these entities in the normal course of business.

11. Private Bar Fees and Disbursements, net

	Fees	Disbursements	2000 Total	1999 Total
Legal Aid Certificates	$ 6,199,995	$ 845,812	$ 7,045,807	$ 6,522,537
Reduction in fees	(346,517)	0	(346,517)	(394,521)
Holdback Repayment	219,039	0	219,039	201,206
	6,072,517	845,812	6,918,329	6,329,222
Duty Counsel	136,250	0	136,250	162,917
Reduction in fees	(3,172)	0	(3,172)	(3,781)
Holdback Repayment	2,031	0	2,031	1,928
	135,109	0	135,109	161,064
Transcripts and Other Contributed Services	0	84,893	84,893	98,796
Net	$ 6,207,626	$ 930,705	$ 7,138,331	$ 6,589,082

For March 31, 2000 the reduction in private bar fees totaled $349,689 (1999 - $398,302). Subsequent to the year end, the Board has determined that $209,813 will be refunded for private bar fees reduced during 1999/2000. The amount of the repayment is reflected above.

Since 1992 the private bar fees have been reduced by a percentage determined by the Board. The specific reduction applied to the private bar fees is the reduction in fees approved by the Board relating to the year in which the legal aid file was opened. For March 31, 2000 the percentage reduction in fees approved by the Board was set at 5% (12% for March 31, 1999) for criminal matters only. There is no liability for the reduction in fees holdback beyond the repayment approved by the Board each year.

12. Pension Costs

These costs consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined by an actuarial valuation every three years with the balances for the intervening years being determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 1998.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision for employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

13. Public Sector Compensation Disclosure

For the purposes of the Public Sector Compensation Disclosure Act, all compensation for employees, Board members and the private bar fees and disbursements from The Legal Aid Services Society of Manitoba is disclosed in a separate statement.

14. Change in Accounting Policy

During the year, the Society changed its accounting policy regarding the recognition of its liability for pension obligations. Commencing in 1999/2000, a provision has been recorded for the Society's share of employees' current and past service pension benefits. This change in accounting policy has been applied on a retroactive basis.

Accordingly, long-term liabilites and future funding commitments have been restated as at April 1, 1999 by $5,704,622 (1998 - $5,319,400) to reflect the effects of the change in accounting policy. This change in accounting policy does not affect the excess of expenditure over revenue.

15. Financial Instruments

Legal Aid Services Society's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

16. Comparative Figures

Certain 1999 figures have been reclassified to conform to the 2000 financial statement presentation.

STEFANSON & LEE
Chartered Accountants

AUDITORS' REPORT

To the Board of Directors of
Manitoba Adolescent Treatment Centre Inc.

We have audited the balance sheet of Manitoba Adolescent Treatment Centre Inc. as at March 31, 2000 and the statsment of operations and the statement of changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Centre's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
May 18, 2000

Stefanson Lee
Chartered Accountants

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Balance Sheet
March 31, 2000

		2000	1999
ASSETS			
Current			
Cash	$	658,335	652,949
Prepaid expenses		14,973	13,909
Accounts receivable		15,922	14,630
		689,230	681,488
Capital assets (note 3)		2,242,487	2,283,109
	$	2,931,717	2,964,597
LIABILITIES			
Current			
Accounts payable	$	230,948	332,276
Accrued wages		155,252	103,858
Vacation pay payable		421,485	395,780
Current portion of long-term debt		30,000	30,000
		837,685	861,914
Long-term debt (note 4)		97,500	127,500
Deferred contributions (note 5)		28,881	47,640
Deferred contributions relating to capital assets (note 6)		1,404,912	1,400,659
		2,368,978	2,437,713
NET ASSETS			
Unrestricted		(149,031)	(184,886)
Net investment in capital assets		711,770	711,770
		562,739	526,884
	$	2,931,717	2,964,597

APPROVED BY THE BOARD:

DIRECTOR

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Statement of Operations
for the year ended March 31, 2000

	2000	1999
Income		
Program		
Winnipeg Regional Health Authority	$ 6,134,757	5,972,888
Province of Manitoba	27,884	25,000
Recovery and other	83,954	55,340
	6,246,595	6,053,228
Rental income	35,315	35,840
Miscellaneous income	4,435	6,494
Special projects	43,759	23,241
Amortization of deferred contributions	107,259	83,343
	6,437,363	6,202,146
Expenses		
Programs		
Hospital services	4,110,735	4,170,055
Community child and Adolescent Treatment Services	818,068	629,543
Acute Treatment and Consultation Team	347,533	360,643
Youth Forensic Services	311,636	306,843
Educational Psychiatric Services	632,518	550,168
	6,220,490	6,017,252
Special projects	43,759	23,241
Amortization of capital assets	137,259	118,226
Major repairs and maintenance	-	15,436
	6,401,508	6,174,155
Excess of income over expenses for the year	$ 35,855	27,991

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Statement of Changes in Net Assets
for the year ended March 31, 2000

		Invested in Capital Assets	Unrestricted	2000 Total	1999 Total
Balance, beginning of year	$	711,770	(184,886)	526,884	498,893
Excess of revenues over expenses for the year		-	35,855	35,855	27,991
Amortization		(30,000)	30,000	-	-
Long-term debt repayment		30,000	(30,000)	-	-
Balance, end of year	$	711,770	(149,031)	562,739	526,884

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Cash Flow Statement
for the year ended March 31, 2000

	2000	1999
Cash from operating activities		
Excess income over expenses for the year	$ 35,855	27,991
Adjustments for non-cash items		
Amortization of capital assets	137,259	118,226
Change in deferred contributions	(18,759)	18,759
Net change in non-cash working capital items	(26,585)	38,293
Amortization of deferred contributions	(107,259)	(83,343)
Cash provided by operating activities	20,511	119,926
Financing and investing activities		
Mortgage principal repayments	(30,000)	(30,000)
Capital funding for asset purchases	111,512	14,200
Purchase of capital assets	(96,637)	-
Cash used in financing and investing activities	(15,125)	(15,800)
Change in cash for the year	5,386	104,126
Cash position, beginning of year	652,949	548,823
Cash position, end of year	$ 658,335	652,949

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Notes to Financial Statements
March 31, 2000

1. Purpose:

The Manitoba Adolescent Treatment Centre Inc. (M.A.T.C.) was incorporated in the Province of Manitoba without share capital on February 23, 1983 as a non-profit organization and is a registered charity for income tax purposes. M.A.T.C. provides inpatient and outpatient accommodation as well as rehabilitative and medical care and treatment programs to children and adolescents in Manitoba.

2. Significant accounting policies:

Revenue recognition

The Centre follows the deferral method for accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue as earned.

Capital assets

Capital assets are recorded at cost. Amortization is charged to the assets to amortize the cost over the estimated useful lives of the assets at the following annual rates.

Buildings	5% declining balance
Equipment	20% declining balance

Vacation pay

Vacation pay is recorded on the accrual basis. The vacation pay liability at March 31 is reflected as a payable in the statements. The receivable from government relating to the vacation pay will not be recorded until the vacation liability is settled.

Repayment to/from funders

Reimbursement of operational funding over approved expenditures and payment for approved expenditures over operational funding as determined by the funder are reflected through the unrestricted net asset balance in the year of payment or reimbursement.

3. Capital assets:

	2000			1999
	Cost	Accumulated Amortization	Net	Net
Land	$ 542,743	-	542,743	542,743
Buildings	3,072,656	1,577,497	1,495,159	1,605,430
Equipment	898,885	694,300	204,585	134,936
	$ 4,514,284	2,271,797	2,242,487	2,283,109

4. Long-term debt:

	2000	1999
Toronto Dominion Bank, first mortgage, monthly payments of $2,500 plus interest at prime minus 1/2%	$ 127,500	157,500
Less current portion included in current liabilities	30,000	30,000
	$ 97,500	127,500

5. Deferred contributions:

	2000	1999
Grant from Winnipeg Foundation		
Balance, beginning of year	$ 28,881	28,881
Grant received	-	-
Less expenditures during the year	-	-
Balance, end of year	28,881	28,881
Grant from Manitoba Adolescent Treatment Centre Foundation Inc.		
Balance, beginning of year	18,759	-
Grant received	25,000	42,000
Less expenditures during the year	43,759	23,241
	-	18,759
	$ 28,881	47,640

6. Deferred contributions relating to capital assets:

	2000	1999
Balance, beginning of year	$ 1,400,659	1,469,802
Capital funding received	111,512	14,200
Amortization of deferred contributions	(107,259)	(83,343)
	$ 1,404,912	1,400,659

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Schedule I - Schedule of Program Operations
for the year ended March 31, 2000

	Hospital Services	Community Child and Adolescent Treatment Services	Acute Treatment and Consultation Team	Youth Forensic Services	Educational Psychiatric Services	Total 2000	Total 1999
Income							
Winnipeg Regional Health Authority	$ 4,029,836	872,605	365,160	295,536	571,620	6,134,757	5,972,888
Province of Manitoba	2,884	-	-	25,000	-	27,884	25,000
Winnipeg School Division No. 1	-	-	-	-	39,348	39,348	16,463
Other	44,606	-	-	-	-	44,606	38,877
	4,077,326	872,605	365,160	320,536	610,968	6,246,595	6,053,228
Expenditures							
Program							
Salaries and wages	2,915,646	605,758	249,901	262,314	417,830	4,451,449	4,277,503
Employee benefits	380,844	75,730	33,396	25,289	40,370	555,629	523,985
Health and Education levy	62,704	12,934	5,489	5,458	8,776	95,361	93,465
Accounting services	6,110	2,681	1,444	1,102	1,011	12,348	10,057
Professional and membership fees	15,968	1,500	1,200	900	9,414	28,982	22,179
Purchased services	206,446	42,876	24,000	-	146,140	419,462	450,115
Long-term debt interest	-	8,569	-	-	-	8,569	10,947
Other supplies and operating costs	523,017	68,020	32,103	16,573	8,977	648,690	629,001
	4,110,735	818,068	347,533	311,636	632,518	6,220,490	6,017,252
Capital							
Principal repayment of long-term debt	-	30,000	-	-	-	30,000	30,000
Total expenditures	4,110,735	848,068	347,533	311,636	632,518	6,250,490	6,047,252
Excess (deficiency) of income over expense for the year	$ (33,409)	24,537	17,627	8,900	(21,550)	(3,895)	5,976

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Agricultural Credit Corporation

We have audited the balance sheet of The Manitoba Agricultural Credit Corporation as at March 31, 2000, the statement of revenue and expenditure and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

James Martin

Winnipeg, Manitoba
May 26, 2000

James M. Martin, CA
for the Provincial Auditor

The Manitoba Agricultural Credit Corporation

Balance Sheet

As at March 31, 2000

	2000 $ (000s)	1999 $ (000s) (Restated)
Assets		
Cash (Note 3)	$ 11,750	$ 13,448
Receivables (Notes 2 and 6)		
Mortgages (Note 4)	263,252	213,963
Other (Note 5)	16,967	15,637
Long-term funding commitments - Province of Manitoba (Note 7)	4,591	4,326
Real estate (Notes 2 and 12)	3,432	4,710
	$ 299,992	$ 252,084
Liabilities and Deficit		
Accounts payable		
Province of Manitoba	$ 72	$ 73
Unearned real estate revenue	124	150
Other	867	934
Provision for Young Farmer Rebate	1,144	1,093
Provision for losses on guaranteed loans (Notes 2 and 11)	5,751	4,635
Provision for employee pension benefits (Notes 2 and 9)	4,362	4,072
Advances from Province of Manitoba (Note 8)	310,707	258,890
	323,027	269,847
Deficit		
Balance, beginning of year	(17,763)	(13,504)
Excess of expenditure over revenue	(5,272)	(4,259)
Balance, end of year (Note 18)	(23,035)	(17,763)
	$ 299,992	$ 252,084

Contingent Liabilities (Note 11)

Change in Accounting Policy (Note 13)

APPROVED BY THE BOARD

DIRECTOR

Bill Uruski, Chairman

Sandy Yanick DIRECTOR

Sandy Yanick, Vice-Chair

The Manitoba Agricultural Credit Corporation

Statement of Revenue and Expenditure

for the year ended March 31, 2000

	2000 $ (000s)	1999 $ (000s) (Restated)
Revenue		
Interest		
Mortgages	$ 19,098	$ 15,633
Other	1,198	1,084
Cash on deposit with Province of Manitoba	494	786
	20,790	17,503
Province of Manitoba – Net Funding (Note 17)	3,870	3,214
Services donated by Province of Manitoba (Note 2)	94	119
Real estate (Note 10)	831	842
Change in provision for decline in real estate values (Note 12)	(50)	66
Other	43	723
	25,578	22,467
Expenditure		
Administration costs		
Salaries (Note 2)	3,265	2,603
Impaired loan losses (Notes 2 and 6)	4,148	3,139
Change in provision for losses on guaranteed loans	1,214	765
Assistance under the Manitoba Farm Mediation Board program	53	36
Young Farmer Rebate	1,322	1,408
Flood proofing initiative		
Administration	214	403
Provision	158	555
Other administration costs	1,444	1,378
	11,818	10,287
Financing charges		
Interest on advances from Province of Manitoba	19,032	16,439
	30,850	26,726
Excess of expenditure over revenue	$ 5,272	$ 4,259

The Manitoba Agricultural Credit Corporation

Statement of Cash Flows

for the year ended March 31, 2000

	2000 $ (000s)	1999 $ (000s) (Restated)
Cash Provided By (Used for)		
Operating activities		
Excess of expenditure over revenue	$ (5,272)	$ (4,259)
Items not involving cash		
Change in provision for impaired loan losses	3,948	3,046
Change in provision for flood proofing loan losses	158	555
Gain on disposal of real estate	(594)	(461)
Change in provision for decline in real estate value	50	(66)
Change in provision for Young Farmer Rebate	51	40
Change in provision for losses on guaranteed loans	1,116	724
Change in provision for employee pension benefits	290	115
Mortgage loans disbursed	(93,188)	(73,224)
Mortgage principal received	42,400	36,841
	(45,769)	(32,430)
Increase in other receivables	(1,941)	(5,963)
Increase in mortgage receivables	(2,262)	(829)
Decrease in accounts payable	(94)	(1,090)
	(4,297)	(7,882)
Cash used for operating activities	(55,338)	(44,571)
Investing activities		
Proceeds from real estate disposals	2,051	2,503
Real estate acquisitions	(229)	(400)
Cash provided by investing activities	1,822	2,103
Financing activities		
Advances received from Province of Manitoba	108,845	100,200
Advances repaid to Province of Manitoba	(57,027)	(54,364)
Cash provided by financing activities	51,818	45,836
Net increase (decrease) in cash	(1,698)	3,368
Cash, beginning of year	13,448	10,080
Cash, end of year	$ 11,750	$ 13,448

The Manitoba Agricultural Credit Corporation
Notes to the Financial Statements
for the year ended March 31, 2000

1. Nature of Operations

The Manitoba Agricultural Credit Corporation was incorporated under The Agricultural Credit Corporation Act of Manitoba. Under this Act, the corporation provides and administers financial assistance to farmers to assist in the development of farms in Manitoba.

2. Significant Accounting Policies

a) Basis of Accounting

The corporation follows generally accepted accounting principles.

b) Allowances for Impaired Loans

The allowances for impaired loans are determined annually by a review of individual accounts. The allowances represent management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectibility of principal or interest, specific allowances are established for individual accounts. These accounts are valued at the lower of their recorded value and the estimated net realizable value of the security held for the accounts.

In addition to the allowances for impaired loans identified on an individual loan basis, the corporation establishes a further allowance for impaired loans. This additional allowance for loan impairment represents management's best estimate of probable losses in its entire loan portfolio, due to potential future declines in the value of the real estate taken as the underlying security for these loans.

Current year provisions for impaired loans are charged to administration expenditure as impaired loan losses. Actual accounts written off by Board resolution are charged to the allowances for impaired loans.

c) Provision for losses on guaranteed loans

The provisions for losses on guaranteed loans are determined annually by a review of individual guarantees. The provisions represent management's best estimate of probable claims against the guarantees. Where circumstances indicate the likelihood of claims arising, provisions are established for those loan guarantees. These provisions would cover principal, accrued and unpaid interest, and amounts recoverable.

Current year provisions for losses on guaranteed loans are charged to administration expenditure. Actual claims paid are charged to the provisions for losses on guaranteed loans. Recoveries are credited against current year's expenditure.

2. Significant Accounting Policies (continued)

d) Real Estate Acquired in Settlement of Loans

Real estate that is acquired in settlement of loans through foreclosures and voluntary transfers of title is recorded at the lower of the recorded value of the loan and the appraised value of the real estate at acquisition date. Subsequent declines or increases in estimated realizable value are not recorded. Real estate is stated net of a provision for decline in real estate value.

e) Real Estate Under Long-Term Lease

Real estate that was acquired under the land lease program for long-term leases is recorded at cost.

f) Pension Plan

Employees of the Corporation are pensionable under the Civil Service Superannuation Act. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial valuation.

g) Donated Services

The Province of Manitoba provides certain administrative services at no charge to the corporation. The estimated fair value of $94,155 for these services is included in salaries expenditure and donated services revenue in these financial statements.

h) Measurement Uncertainty – Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash

	2000 (000s)	1999 (000s)
Cash on hand and in bank	$ 976	$ 1,575
Cash on deposit with Province of Manitoba	10,774	11,873
	$ 11,750	$ 13,448

4. Mortgages Receivable

		2000 (000s)	1999 (000s)
Amounts are due over the following terms:			
1 year	- Accrued interest	$ 11,691	$ 9,227
	- Arrears	2,304	2,794
	- Prepayments	(10,029)	(9,817)
	- Regular instalments	20,319	16,512
		24,285	18,716
2 years	- Regular instalments	21,288	17,015
3 years	- Regular instalments	21,825	17,695
4 years	- Regular instalments	22,129	17,837
5 years	- Regular instalments	22,363	17,653
Over 5 years	- Regular instalments	167,699	137,624
		279,589	226,540
Less: Allowance for impaired loans		16,337	12,577
		$ 263,252	$ 213,963

The Manitoba Agricultural Credit Corporation
Notes to the Financial Statements
for the year ended March 31, 2000

5. Other Receivables

		2000 (000s)		1999 (000s)
Stocker program advances	$	16,335	$	14,231
Flood proofing initiative		3,998		4,307
Promissory notes		0		14
Lease revenue		166		170
Sale of real estate		4		82
Miscellaneous		6		29
		20,509		18,833
Less: Allowance for impaired loans		3,542		3,196
	$	16,967	$	15,637

6. Allowances for Impaired Loans

		2000 (000s)		Provision		Write Offs		1999 (000s)
Mortgages	$	16,337	$	3,912	$	152	$	12,577
Stocker program advances		2,293		193		35		2,135
Promissory notes		0		(2)		12		14
Other		106		45		0		61
		2,399		236		47		2,210
	$	18,736	$	4,148	$	199	$	14,787

7. Long-term funding commitments – Province of Manitoba

		2000 (000s)		1999 (000s)
Employee Severance	$	229	$	254
Employee Pension Benefits		4,362		4,072
	$	4,591		$ 4,326

8. Advances from Province of Manitoba

In accordance with Province of Manitoba practices, the corporation may elect to repay advances or portions of advances prior to maturity.

	2000 (000s)	1999 (000s)
Advances are repayable in equal annual blended instalments of principal and interest, with interest rates from 4.950% to 8.000%. Maturities of principal by fiscal year are as follows:		
2000	$ –	$ 39,328
2001	51,743	18,565
2002	23,051	19,273
2003	23,891	19,904
2004	24,320	19,471
2005	22,917	22,925
2006 through 2025	164,785	119,424
	$ 310,707	$ 258,890

9. Provision for employee pension benefits

Corporation employees are eligible for defined benefit pensions under The Manitoba Civil Service Superannuation Act. In accordance with the provisions of this Act, the corporation contributes 50% of the pension disbursements made to retired employees.

Actuarial valuations are to be carried out every three years to provide an estimate of the accrued liability for unfunded pension benefits. The most recent actuarial valuation was performed as at December 31, 1998. Based on the 1998 valuation for "Future Indexing", the actuarial liability for unfunded pension benefits is estimated to be $4,361,934 at March 31, 2000 (1999 - $4,071,821). Previously, the corporation had reported the accrued pension liability as calculated on a "No Future Indexing" basis. The change was made to conform to reporting used by the Province of Manitoba.

10. Real estate revenue

	Proceeds (000s)	Book Value	2000 (000s)	1999 (000s)
Sales to lessees	$ 1,357	$ 850	$ 507	$ 299
Sales by public tender	694	607	87	162
	$ 2,051	$ 1,457		
Net gain on sale of real estate			594	461
Lease revenue from real estate acquired in settlement of loans and from long-term leases			289	405
Other revenue			2	2
Interest revenue			21	23
			906	891
Less: Real estate carrying costs			75	49
			$ 831	$ 842

11. Contingent Liabilities

a) The corporation introduced the Guaranteed Operating Loan Program beginning April 1, 1983. The corporation guarantees each participating lending institution 12 1/2% of the respective total value of loans made under this program. As of March 31, 2000, the corporation's contingent liability amounted to $9,432,656 (1999 - $8,533,034). Based on management's best estimate of probable losses, the corporation has made a provision for this contingency in the amount of $2,351,586 (1999 - $2,250,682). The corporation adjusts the provision to the level regarded by management as appropriate through a current provision charged or credited to administration expenditure for the year.

b) The Manitoba Cattle Feeder Associations Loan Guarantee Program was introduced jointly by Manitoba Agriculture and Food and The Manitoba Agricultural Credit Corporation in November 1991. In September 1997, The Manitoba Agricultural Credit Corporation assumed responsibility for administration of the program. For each association, the corporation provides a guarantee to the lending institutions, based on 25% of the amount of the loan to a maximum guarantee of $1,250,000. As of March 31, 2000 the corporation's contingent liability amounted to $5,600,261 (1999 - $4,274,521). Based on management's best estimate of probable losses, a provision has been made for this contingency in the amount of $1,400,065 (1999 - $1,068,630).

11. Contingent Liabilities (continued)

c) The Diversification Loan Guarantee Program was introduced in December 1995, to provide guarantees on loans made by participating lenders, for diversification or farm value-added activities. On qualifying individual loans up to a maximum of $3,000,000, the corporation will guarantee 25%, up to $750,000 per loan. As at March 31, 2000, the corporation's contingent liability under this program amounted to $13,330,764 (1999 - $8,772,532). Based on management's best estimate of probable losses on this program, the corporation has established a provision in the amount of $1,999,615 (1999 - $1,315,880).

d) The corporation has guaranteed performance bonds of certain agricultural marketing agencies in the amount of $413,794 (1999 - $484,823). No provision for this contingency has been made in the financial statements. Any payments arising from claims under these guarantees will be recorded as an expense in the period the claims occur.

e) The corporation fully guarantees certain loans to individuals for the purpose of farming. The corporation made its last guarantee of this nature during the 1983 fiscal year. As at March 31, 2000, these guaranteed loans were paid in full (1999 - $3,235).

f) As at March 31, 2000 the corporation had approved but not disbursed mortgages and other loans in the amount of $19,649,343 (1999 - $19,853,781).

12. Real estate

Based on a review of its current real estate portfolio, the corporation has established a provision of $112,565 for 2000 (1999 - $62,280) to provide for future declines in real estate values. This provision represents management's best estimate of probable losses on sale of real estate.

	2000 (000s)	1999 (000s)
Real Estate	$ 3,544	$ 4,772
Provision for decline in real estate values	112	62
	$ 3,432	$ 4,710

The Manitoba Agricultural Credit Corporation
Notes to the Financial Statements
for the year ended March 31, 2000

13. Change in Accounting Policy

During the year, the Corporation changed its accounting policy regarding the recognition of its liability for pension obligations. Commencing in 1999/2000, a provision has been recorded for the Corporation's share of employees' current and past service pension benefits. This change in accounting policy has been applied on a retroactive basis.

Accordingly, long-term liabilities and future funding commitments have been restated as at April 1, 1998 by $3,957,074 to reflect the effects of the change in accounting policy. This change in accounting policy does not effect the excess of expenditure over revenue.

14. Interest Paid and Received

During the year, the corporation received interest of $18,323,787 (1999 - $16,364,003) and paid interest of $19,032,232 (1999 - $16,438,546).

15. Related Party Transactions

The corporation is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

16. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, supplies or other third parties, have been fully resolved.

17. Revenue – Province of Manitoba

	2000 (000s)	1999 (000s)
Grant	$ 3,580	$ 3,099
Increase in long-term funding commitment	290	115
	$ 3,870	$ 3,214

18. Comparative Figures

Certain 1999 figures have been reclassified to conform to the 2000 financial statement presentation.

19. Economic Dependence

The corporation is economically dependent on the Province of Manitoba.

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

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5th Floor 191 Broadway
Winnipeg Manitoba Canada R3C 3T8
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Auditors' Report

To the Members of the Board
Manitoba Arts Council
Winnipeg, Manitoba

We have audited the statement of financial position of Manitoba Arts Council as at March 31, 2000 and the statements of revenues, expenditures and fund balance for the Grants and Programs Fund and Manitoba Artists' Bank Fund for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assesing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2000 and the results of its operations and its cash flows for the year ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 12, 2000

MANITOBA ARTS COUNCIL

Balance Sheet

As at March 31, 2000

	Grants & Programs Fund	Bridges Fund	2000 Total	1999 Total
ASSETS				
Current				
Cash and investments (note 3)	$2,059,094	$ -	$2,059,094	$1,171,927
Accrued interest income	36,428	-	36,428	34,637
Accounts receivable	2,231	-	2,231	2,164
Recoverable, Province of Manitoba (note 11)	36,000	-	36,000	36,000
Prepaid expenses	7,362	-	7,362	10,453
	2,141,115	-	2,141,115	1,255,181
Musical instruments	104,796	-	104,796	104,796
Works of visual art	344,226	-	344,226	344,226
Capital assets (note 4)	32,222	-	32,222	28,953
Interfund balances	(836,239)	836,239	-	-
TOTAL ASSETS	$1,786,120	$836,239	$2,622,359	$1,733,156
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	131,298	-	131,298	84,861
Commitments for grants and programs	880,990	600,011	1,481,001	840,061
Deferred grant revenue (note 6)	-	236,228	236,228	-
	1,012,288	836,239	1,848,527	924,922
Investments in musical instruments and works of visual art	449,022	-	449,022	449,022
	1,461,310	836,239	2,297,549	1,373,944
Fund Balances				
Invested in capital assets	32,222	-	32,222	28,953
Unrestricted	292,588	-	292,588	330,259
	324,810	-	324,810	359,212
TOTAL LIABILITIES AND FUND BALANCES	$1,786,120	$836,239	$2,622,359	$1,733,156

Commitment for rent (note 7)

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL

Statement of Revenues and Expenditures

As at March 31, 2000

	Grants & Programs Fund	Bridges Fund	2000 Total	1999 Total
REVENUES				
Province of Manitoba - Operating Grant (note 8)	$7,317,300	$ -	$7,317,300	$7,317,300
Province of Manitoba - Bridges Grant	-	638,772	638,772	-
Investment income	136,661	-	136,661	108,527
Other	1,380	-	1,380	2;117
	$7,455,341	$638,772	$8,094,113	$7,427,944
EXPENDITURES				
Grants and programs				
Arts Education	560,535	-	560,535	549,492
Performing Arts				
Dance	958,656	-	958,656	947,877
Music	1,294,805	-	1,294,805	1,300,394
Theatre	1,529,665	-	1,529,665	1,538,765
Touring	182,119	-	182,119	190,758
Visual Arts	1,198,165	-	1,198,165	1,229,536
Writing and Publishing	704,794	-	704,794	668,216
Interdisciplinary	60,000	600,011	660,011	120,000
Arts Program Delivery (see Schedule)	542,206	38,761	580,967	488,349
	7,030,945	638,772	7,669,717	7,033,387
Administrative expenditures (see Schedule)	498,197	-	498,197	451,233
	7,529,142	638,772	8,167,914	7,484,620
Rescinded grant committments	(39,399)	-	(39,399)	(36,849)
Net expenditures	$7,489,743	$638,772	$8,128,515	$7,447,771
Deficiency of revenues over expenditures	$ (34,402)	$ -	$ (34,402)	$ (19,827)
Fund Balance, Beginning of Year	359,212	-	359,212	379,039
Fund Balance, End of Year	$ 324,810	$ -	$ 324,810	$ 359,212

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL

Notes to Financial Statements

For the year ended March 31, 2000

1. Authority & Purpose

The Arts Council Act established the Manitoba Arts Council in 1965 to " . . . promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements have been prepared by management in accordance with generally accepted accounting principles within the framework of the accounting policies summarized in these notes to the financial statements.

(b) Fund Accounting

The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Programs Fund

This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of Council defined in The Arts Council Act.

(ii) Bridges Fund

This fund was established in June 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development.

(iii) Manitoba Artists' Bank Fund

This fund was established in 1986 for two purposes. The first, to acquire works of visual art from Manitoba artists for loan to provincial government departments, crown corporations, agencies and provincially funded institutions. The second, to acquire musical instruments for loan to deserving artists or to make grants for the purpose of acquiring musical instruments. The Manitoba Arts Council has joint ownership of instruments through two funding agreements with the University of Manitoba and Brandon University.

During the year, Council elected to transfer the assets (Inventories of Works of the Visual Art and Musical Instruments) of the Manitoba Artists' Bank Fund to the Grants and Programs Fund.

(c) Revenue Recognition

The Council follows the deferral method of accounting for revenues. Unrestricted revenues are recognized as revenue in the appropriate fund when received or receivable. Restricted revenues are recognized as revenue in the fiscal year in which related expenses are incurred.

(d) Grant Commitments

Grants and programs are reflected as expenditures when funding is formally approved and committed by Council. Cancellations of prior years' grant expenditures are reflected as rescinded grant commitments.

(e) Controlled Entities

The Manitoba Arts Council Foundation Inc., a registered charity (public foundation) is not consolidated in these financial statements. The Manitoba Arts Council provides administrative support for the Foundation. The value of these donated services are not recorded in these financial statements.

(f) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis based on the estimated useful lives of the assets as follows:

Office furniture and equipment	5 years
Computer hardware and software	3 years

(g) Investments

Investments are recorded at cost plus accrued interest income which approximates market value.

(h) Musical instruments and works of visual art

Musical instruments and works of visual art are shown on the Balance Sheet as assets at cost with an offsetting credit to investments in musical instruments and works of visual art.

(i) Financial Instruments

The Council's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities and unpaid commitments for grants and programs. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

3. Cash and Market Investments

	2000		1999	
	Cost	Market	Cost	Market
Cash	$ 100,059	$ 100,059	$ 13,742	$ 13,742
Investments				
Province of Manitoba trust certificate, yielding 5.25 percent, maturing June 30, 2000 (1999 - 4.75 to 4.90 percent, maturing within 29 days)	263,075	263,075	458,185	458,185
Royal Bank Senior Deposit Note, yielding 6.05 percent, extendible May 26, 2000	500,000	494,692	500,000	522,984
Royal Bank Bankers Acceptance, yielding 5.10 percent, maturing April 14, 2000	995,960	997,980	-	-
Manitoba Builder Bonds, redeemable twice annually, yielding 5.5 percent, maturing June 15, 2000	200,000	207,740	200,000	200,000
	$2,059,094	$2,063,546	$1,171,927	$1,194,911

4. Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	$ 6,791	$ 6,361	$ 430	$ 858
Computer hardware and software	201,533	169,741	31,792	28,095
	$208,324	$176,102	$32,222	$28,953

5. Works of Visual Art

During the fiscal year ended March 31, 1998, the Manitoba Arts Council completed a move of selected works from the Visual Art Bank to the Art Gallery of Southwestern Manitoba. The Manitoba Arts Council Foundation Inc. awarded a grant to the Art Gallery of Southwestern Manitoba for the care, storage and exhibition of those works. An art bank loan agreement between the Council and the Art Gallery of Southwestern Manitoba will end January, 2001.

6. Deferred Grant Revenue

Deferred revenue comprises of $236,228 unexpended funds targeted for the Bridges program. Council approved awards of $225,177, April 2000. The balance of $11,051 will be used to cover future direct program delivery costs.

7. Lease Commitment

Council has entered into an agreement to lease office premises until March 31, 2002. The basic annual rent is $61,156. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

8. Funding Agreement

The funding agreement with the Province of Manitoba establishes the terms and conditions of funding for five years ending March 31, 2000. During the term of the agreement, Council is entitled to retain proceeds up to $1,000,000 from the Province of Manitoba. Any proceeds retained in excess of $1,000,000, except for proceeds exempted in the funding agreement, shall be repaid to the Province of Manitoba on demand. As at March 31, 2000, there were no proceeds repayable to the Province.

9. Manitoba Arts Council Foundation Inc.

The Manitoba Arts Council controls the Manitoba Arts Council Foundation Inc. The Foundation was established in 1995 to foster new artistic activity by responding to artistic innovation with financial innovation, and to create a lasting legacy for the arts in Manitoba. The Foundation is incorporated under The Corporations Act of Manitoba and is a registered charity under the Income Tax Act. The board of directors currently consists of six charter members, all of whom are members in good standing of the Manitoba Arts Council, and one general member.

As a result of an agreement dated May 31, 1995 between the Manitoba Arts Council, The Winnipeg Foundation and the Manitoba Arts Council Foundation Inc., the Manitoba Arts Council Fund and the John Stephen Hirsch Fund were terminated and the assets were transferred to The Winnipeg Foundation. The Winnipeg Foundation will hold those assets in the Manitoba Arts Council Endowment Fund and the John Stephen Hirsch Fund.

As part of the above agreement, the Manitoba Arts Council Foundation Inc. has a contractual right to receive, in perpetuity, the net income from the Manitoba Arts Council Endowment Fund and the John Stephen Hirsch Fund. Ownership of the units of The Winnipeg Foundation's Consolidated Trust Fund now vest, in perpetuity, with The Winnipeg Foundation. Details of these funds as at January 31, 2000 are as follows:

	Manitoba Arts Council Endowment Fund	John Stephen Hirsch Funds	Total
Units	2582.657	241.596	2824.253
Capital Contributions	$558,679	$52,446	$611,125
Fair Value	$805,753	$75,375	$881,128

Financial statements of the Manitoba Arts Council Foundation Inc. are available on request. A financial summary of the Manitoba Arts Council Foundation Inc. as at March 31 is as follows:

	Financial Position			Results of Operations	
	2000	1999		2000	1999
Total assets	$83,231	$70,523	Total revenues	$40,815	$38,745
Total liabilities	18,031	5,900	Total expenditures	40,238	10,830
Total net assets	$65,200	$64,623	Excess of revenues over expenditures	$ 577	$27,915

10. Pension Plan

Eligible employees are participants in the Manitoba Civil Service Superannuation Fund. The employees and the Council contribute equally to the cost of the plan. The Council participates on a fully funded basis, and its contributions of $9,469 (1999 - $9,811) represent the total obligations for the year.

11. Severance Liability

Effective March 31, 1999, the Manitoba Arts Council, as a Crown organization, is required to record severance liability. The Province of Manitoba will recognize an opening liability as at April 1, 1998 ($36,000) to Crown organizations. Any subsequent changes to the severance liaibility will be the responsibility of Council. As at March 31, 2000, Council recorded a liability of $41,000 (1999 - $39,000).

12. Statement of Cash Flows

The financial statements of the Manitoba Arts Council do not include a Statement of Cash Flows. In the opinion of management, the Statement of Cash Flows does not provide additional disclosure.

13. Economic Dependence

A substantial portion of the Council's total revenue is derived from the Province of Manitoba in the form of an operating grant.

14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the organization, including those related to customers, suppliers, or other third parties, have been fully resolved.

15. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

MANITOBA ARTS COUNCIL

Schedule of Administrative Expenditures

For the year ended March 31, 2000

	Grants & Programs Fund	
	2000 Total	1999 Total
Salaries and benefits	$333,694	$273,940
Council meetings	40,095	52,558
Amortization	34,438	23,642
Rent	32,414	28,426
Postage, courier and telephone	17,575	18,495
Office supplies, printing and stationery	14,593	15,595
Staff travel and expenses	8,994	3,833
Professional fees	4,750	19,157
Equipment repairs and maintenance	6,421	8,903
Insurance & Sundry	4,581	4,151
	$497,555	$448,700
Other Administrative Expenditures		
Contribution to Manitoba Arts Council Foundation Inc.	642	2,533
Total Administrative Expenditures	$498,197	$451,233

MANITOBA ARTS COUNCIL

Schedule of Arts Program Delivery Expenditures

For the year ended March 31, 2000

	Grants & Programs Fund	Bridges Fund	2000 Total	1999 Total
Salaries and benefits	$347,281	$ -	$347,281	$352,777
Jurors' fees and expenses	47,151	36,943	84,094	57,636
Communication	21,191	1,374	22,565	23,815
Community Consultations	73,704	-	73,704	-
Rent	36,103	-	36,103	39,044
Postage, courier and telephone	8,468	444	8,912	8,078
Office Supplies	2,600	-	2,600	2,103
Staff travel and expenses	5,127	-	5,127	2,726
Consultation fees	-	-	-	2,170
Sundry	581	-	581	-
	$542,206	$38,761	$580,967	$488,349

KWB

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AUDITORS' REPORT

To the Board of Commissioners
Manitoba Boxing Commission
Winnipeg, Manitoba

We have audited the balance sheet of Manitoba Boxing Commission as at March 31, 2000 and the statement of income and surplus for the year then ended. These financial statements are the responsibility of the Commissioners. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The organization derives revenue from commissions, licenses and permits, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenue over expense, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Knowles Warkentin & Bridges

July 6, 2000

MANITOBA BOXING COMMISSION
BALANCE SHEET
March 31, 2000

ASSETS

	2000	1999
Current Assets		
Cash	$ 2,391	$ 881
Accounts receivable	1,523	-
Prepaid expenses	300	300
	$ 4,214	$ 1,181

LIABILITIES AND SURPLUS (DEFICIT)

	2000	1999
Current Liabilities		
Accounts payable	$ 1,600	$ 1,565
Performance bond deposits - Note 3	1,000	-
	2,600	1,565
Surplus (Deficit)	1,614	(384)
	$ 4,214	$ 1,181

ON BEHALF OF THE BOARD:

MANITOBA BOXING COMMISSION
STATEMENT OF INCOME AND SURPLUS
Year ended March 31, 2000

	2000	1999
Revenue		
Commissions, licenses and permits	$ 739	$ 329
Grant - Province of Manitoba	14,700	14,700
Other income	21	174
	15,460	15,203
Operating expenses		
Audit and legal	1,700	1,700
Bank charges and interest	-	12
Card expenses - boxing	1,586	1,132
Conferences and meetings	4,795	4,543
Dues, fees and subscriptions	675	384
Honoraria	3,700	4,200
Office	193	398
Public relations	813	1,474
	13,462	13,843
Net income (loss)	1,998	1,360
Surplus (deficit), beginning of year	(384)	(1,744)
Surplus (deficit), end of year	$ 1,614	($ 384)

MANITOBA BOXING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

1. Purpose of the Organization

The Manitoba Boxing Commission is a commission, pursuant to the Boxing Commission Act, Cap. B80, C.C.S.M., of the Province of Manitoba. The purpose of the organization is to regulate professional boxing matches in the Province of Manitoba in accordance with regulations as set down in the Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting policies for not-for-profit organizations.

3. Economic Dependence

The Commission is economically dependent on the Province Of Manitoba which provides funding through an annual grant.

4. Cash Flows

The statement of cash flows has not been prepared because it would not provide any additional useful information in understanding the cash flows for the year.

5. Uncertainty Due to the Year 2000 Issue

The year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

PRICEWATERHOUSECOOPERS

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June 2, 2000

Auditors' Report

To the Members of
The Manitoba Cancer Treatment and Research Foundation
(carrying on its undertakings under the name of CancerCare Manitoba)

We have audited the statement of financial position of **The Manitoba Cancer Treatment and Research Foundation** as at March 31, 2000 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of The Manitoba Cancer Treatment and Research Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Manitoba Cancer Treatment and Research Foundation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

The Manitoba Cancer Treatment and Research Foundation

Statement of Financial Position

As at March 31, 2000

	2000						1999
		Restricted Funds					
	General Fund $	Research Trust Fund $	George H. Sellers Endowment Fund $	Building Fund $	Clinical and Basic Research Fund $	Total $	Total $
Assets							
Current assets							
Cash and short-term investments	313,167	-	-	1,462,896	164,042	1,940,105	2,840,586
Due from Manitoba Health (note 3)	1,874,600	-	-	-	-	1,874,600	1,290,400
Accounts receivable	845,213	-	-	-	608,291	1,453,504	538,844
Interfund accounts	3,227,648	(1,649,342)	-	(2,717,936)	1,139,630	-	-
Prepaid expenses	789,203	-	-	-	-	789,203	685,506
Deferred charges	1,998,203	-	-	-	-	1,998,203	1,739,852
	9,048,034	(1,649,342)	-	(1,255,040)	1,911,963	8,055,615	7,095,188
Investments (note 2)	-	14,920,290	1,363,365	-	1,549,515	17,833,170	25,987,722
Capital assets (note 6)	6,627,166	-	-	28,246,061	372,933	35,246,160	15,284,907
	15,675,200	13,270,948	1,363,365	26,991,021	3,834,411	61,134,945	48,367,817
Liabilities and Deferred Contributions							
Current liabilities							
Accounts payable and accrued liabilities	5,989,732	-	-	3,806,575	-	9,796,307	4,461,833
Deferred contributions (note 7)							
Expenses of future periods	1,097,512	-	-	-	-	1,097,512	14,411
Capital assets	7,280,291	-	-	-	-	7,280,291	7,447,916
	14,367,535	-	-	3,806,575	-	18,174,110	11,924,160
Long-term debt (note 8)	-	-	-	5,624,881	-	5,624,881	-
	14,367,535	-	-	9,431,456	-	23,798,991	11,924,160
Fund Balances							
Invested in capital assets	-	-	-	16,096,669	372,933	16,469,602	8,250,403
Externally restricted (note 9)	-	1,803,821	1,363,365	1,462,896	1,552,481	6,182,563	12,562,326
Internally restricted	-	11,467,127	-	-	1,908,997	13,376,124	14,354,323
Unrestricted	1,307,665	-	-	-	-	1,307,665	1,276,605
	1,307,665	13,270,948	1,363,365	17,559,565	3,834,411	37,335,954	36,443,657
	15,675,200	13,270,948	1,363,365	26,991,021	3,834,411	61,134,945	48,367,817

Approved on Behalf of the Foundation ____________, Member ____________, Member

PRICEWATERHOUSECOOPERS

The Manitoba Cancer Treatment and Research Foundation

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2000

						2000	1999
		Restricted Funds					
	General Fund $	Research Trust Fund $	George H. Sellers Endowment Fund $	Building Fund $	Clinical and Basic Research Fund $	Total $	Total $
Revenue							
Manitoba Health	25,929,721	-	-	-	-	25,929,721	20,180,214
Other recoveries	586,366	-	-	-	-	586,366	286,796
Donations and fundraising – net (note 10)	-	36,514	-	852,501	-	889,015	2,883,700
Investment income	31,060	858,859	71,075	111,647	50,149	1,122,790	2,762,093
Grants received	-	-	-	-	4,049,414	4,049,414	3,657,260
Amortization of deferred contributions	1,724,644	-	-	-	-	1,724,644	1,570,654
	28,271,791	895,373	71,075	964,148	4,099,563	34,301,950	31,340,717
Expenses							
Compensation	18,264,067	-	-	-	1,612,750	19,876,817	17,291,264
Building occupancy	473,948	-	-	-	-	473,948	893,262
Amortization of capital assets	1,724,644	-	-	-	73,914	1,798,558	1,683,794
General administration	2,802,188	27,941	-	-	-	2,830,129	1,755,370
Equipment rentals and maintenance	680,404	-	-	-	-	680,404	459,998
Supplies and other departmental expenses	1,240,769	-	-	-	1,361,608	2,602,377	2,137,455
Drugs	2,952,601	-	-	-	-	2,952,601	2,017,926
Referred-out services	790,224	-	-	-	-	790,224	206,337
Cell biology	-	932,247	-	-	-	932,247	628,944
Research grants and awards	-	1,041,694	118,768	-	-	1,160,462	1,266,618
	28,928,845	2,001,882	118,768	-	3,048,272	34,097,767	28,340,968
	(657,054)	(1,106,509)	(47,693)	964,148	1,051,291	204,183	2,999,749
Manitoba Health Support Grant	-	-	-	-	-	-	580,000
Additional recoveries from Manitoba Health	688,114	-	-	-	-	688,114	732,466
Excess (deficiency) of revenue over expenses for the year	31,060	(1,106,509)	(47,693)	964,148	1,051,291	892,297	4,312,215
Fund balance – Beginning of year	1,276,605	14,377,457	1,411,058	16,595,417	2,783,120	36,443,657	32,131,442
Fund balance – End of year	1,307,665	13,270,948	1,363,365	17,559,565	3,834,411	37,335,954	36,443,657

PRICEWATERHOUSECOOPERS

The Manitoba Cancer Treatment and Research Foundation

Statement of Cash Flows

For the year ended March 31, 2000

						2000	1999
		Restricted Funds					
	General Fund $	Research Trust Fund $	George H. Sellers Endowment Fund $	Building Fund $	Clinical and Basic Research Fund $	Total $	Total $
Cash provided by (used in)							
Operating activities							
Excess (deficiency) of revenue over expenses for the year	31,060	(1,106,509)	(47,693)	964,148	1,051,291	892,297	4,312,215
Amortization of capital assets	1,724,644	-	-	-	73,914	1,798,558	1,583,794
Amortization of deferred contributions related to capital assets	(1,724,644)	-	-	-	-	(1,724,644)	(1,570,654)
Loss (gain) on disposal of investments	-	(80,783)	-	68,836	52,914	40,967	(1,387,494)
Amortization of deferred contributions related to expenses of future periods	(12,267)	-	-	-	-	(12,267)	(68,862)
Net change in non-cash working capital items	433,710	(61,242)	-	3,776,538	(675,440)	3,473,566	526,830
	452,503	(1,248,534)	(47,693)	4,809,522	502,679	4,468,477	3,495,829
Financing and investing activities							
Interfund transfers	(2,889,628)	47,302	-	3,277,435	(435,109)	-	-
Additions to capital assets	(1,317,306)	-	-	(20,224,784)	(217,721)	(21,759,811)	(8,339,462)
Deferred contributions related to capital assets	1,557,019	-	-	-	-	1,557,019	2,043,353
Deferred contributions related to expenses of future period	1,095,368	-	-	-	-	1,095,368	-
Additions to investments	-	(1,071,380)	47,693	(331,909)	(977,836)	(2,333,432)	(4,172,565)
Proceeds on disposal of investments	-	1,639,421	-	8,115,226	692,370	10,447,017	6,712,618
Proceeds from long-term debt	-	-	-	5,624,881	-	5,624,881	-
	(1,554,547)	615,343	47,693	(3,539,151)	(938,296)	(5,368,958)	(3,756,056)
Increase (decrease) in cash	(1,102,044)	(633,191)	-	1,270,371	(435,617)	(900,481)	(260,227)
Cash and short-term investments							
Beginning of year	1,415,211	633,191	-	192,525	599,659	2,840,586	3,100,813
Cash and short-term investments							
End of year	313,167	-	-	1,462,896	164,042	1,940,105	2,840,586

PRICEWATERHOUSECOOPERS

1 Purpose of the organization

The Manitoba Cancer Treatment and Research Foundation is an agency established under The Cancer Treatment and Research Foundation Act and as of October 12, 1999 has been carrying on its undertakings under the name of CancerCare Manitoba. CancerCare Manitoba maintains and co-ordinates a province-wide program for cancer prevention, diagnosis, treatment, education and research.

CancerCare Manitoba is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2 Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Fund accounting

CancerCare Manitoba follows the restricted fund method of accounting for contributions.

The **General Fund** accounts for CancerCare Manitoba's revenues and expenses related to program delivery and administrative activities. This fund only reports unrestricted resources as accumulated from previous years' surpluses and/or deficits and other income.

The **Research Trust Fund** reports restricted resources received from external sources and restricted investment income.

The **George H. Sellers Endowment Fund** was established to promote excellence of medical research related to cancer and thereby to increase knowledge and foster its clinical application by CancerCare Manitoba. Funds may be used to support research, students, personnel and projects of CancerCare Manitoba. The allocation of the Fund's annual income is the responsibility of the Fund Advisory Committee on recommendation of its Scientific Advisory Committee. The balance of the annual income from the Fund may be reinvested in order to maintain or enhance the value of the Fund.

The **Building Fund** reports the assets, liabilities, revenues and expenses related to CancerCare Manitoba's building expansion and renovation program.

The **Clinical and Basic Research Fund** segregates grants received for specific clinical and basic research projects undertaken by the CancerCare Manitoba. Grants received and disbursements made are recorded on a cash basis. The duration of these projects usually ranges from one to three years.

Investments

Investments are recorded at the lower of cost and market value.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for equipment is 5 - 15 years. Amortization on the equipment is reported in the General Fund or Clinical and Basic Research Fund.

Included in the Building Fund are costs associated with the planning and design of the new facility which have been recorded at cost. No amortization has been recorded in the current fiscal period as the asset is not ready for use.

Deferred charges

Funding for vacation entitlements and pre-retirement leave is provided by Manitoba Health in the period in which the actual costs are paid. Accordingly, CancerCare Manitoba records a deferred charge equal to the estimated year end vacation pay liability and pre-retirement leave to its employees.

Surplus and deficit

CancerCare Manitoba is entitled to retain any surplus arising from excess of revenue over expenses for activities funded by Manitoba Health for each fiscal year up to a maximum of 2% of net insured patient costs. Any surplus amount in excess of the maximum is returned to Manitoba Health. Any deficits will normally be the responsibility of CancerCare Manitoba.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Contributions for endowment are recognized as revenue in the Research Trust Fund and the George H. Sellers Endowment Fund.

Investment income earned on restricted fund resources is recognized as revenue of the corresponding restricted fund. Other investment income is recognized as revenue of the General Fund when earned.

Contributed services

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Retirement entitlement obligation

CancerCare Manitoba has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

a) have ten years of service and have reached the age of 55; or

b) have reached the age of 65; or

c) qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

CancerCare Manitoba records an accrual for those employees who qualify at the year end balance sheet date. No attempt has been made to undertake an actuarial tabulation for the remainder of employees who have not yet met the criteria above. Funding for the retirement entitlement is recoverable from Manitoba Health in the year of payment.

Pension expense

CancerCare Manitoba participates in the Healthcare Employees Pension Plan - Manitoba. Pension expense is equal to CancerCare Manitoba's annual funding of the pension plan.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates.

Restatement of prior year's figures

Certain of the prior year's figures have been restated to conform with the current year's financial statement presentation.

3 Manitoba Health funding

Revenue received from Manitoba Health for net insured patient costs is based on funding levels approved by Manitoba Health annually, adjusted for amounts to be returned to or recovered from Manitoba Health, subject to audit. Certain other items of revenue and expenses are the full responsibility of Manitoba Health. At March 31, 2000, CancerCare Manitoba had a balance of $1,874,600 (1999 - $1,290,400) receivable from Manitoba Health.

4 Manitoba Cancer Foundation Inc.

On April 1, 1999, Manitoba Cancer Foundation Inc. began operations and on November 24, 1999 changed its name to CancerCare Manitoba Foundation Inc. (CCMF Inc.). CCMF Inc.'s sole purpose is to develop resources that support CancerCare Manitoba in providing optimal cancer control services to Manitobans. CCMF Inc. will create, receive, maintain and accumulate funds for distribution on a periodic basis to CancerCare Manitoba to support its activities.

During the year CCMF Inc. transferred funds in the amount of $899,550 to CancerCare Manitoba.

On April 1, 2000, the investments held in the Research Trust Fund and the George H. Sellers Endowment Fund were transferred to CCMF Inc. At the time of the transfer the investments totalled $16,283,655 with a market value of $18,978,400.

5 Transfer of land and buildings

An agreement has been reached between CancerCare Manitoba and the Health Sciences Centre (HSC) to transfer title for the existing and additional land and current buildings at 100 Olivia Street from HSC to CancerCare Manitoba for the purchase price of one dollar. The transfer was requested for the purpose of constructing certain additions to the current buildings, which will result in the creation of a complex to be utilized for the maintenance and coordination of provincial-wide programs for cancer diagnosis, treatment, education and research. The agreement received final approval on January 28, 2000.

6 Capital assets

			2000	1999
	Cost $	Accumulated amortization $	Net $	Net $
General Fund				
Equipment	13,422,102	6,794,936	6,627,166	7,034,504
Building Fund				
Building construction in progress	28,246,061	-	28,246,061	8,021,277
Clinical and Basic Research Fund				
Equipment	559,987	187,054	372,933	229,126
	42,228,150	6,981,990	35,246,160	15,284,907

7 Deferred contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent contributions for specific projects and other purposes:

	2000 $	1999 $
Balance – beginning of year	14,411	83,273
Add: Amount received related to future periods	1,095.368	-
Less: Amounts amortized to revenue	(12.267)	(68.862)
	1.097.512	14.411

b) Capital assets

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of contributions and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000 $	1999 $
Balance – beginning of year	7,447,916	6,975.217
Additional contributions received	1,557,019	2.043,353
Less: Amounts amortized to revenue	(1,724,644)	(1.570.654)
	7.280.291	7.447.916

The balance of unamortized capital contributions related to capital assets consists of the following:

	2000 $	1999 $
Unamortized capital contributions used to purchase capital assets	6,627,166	7,034,504
Unspent contributions	653.125	413.412
	7.280.291	7.447.916

8 Long-term debt

On May 1, 1989, CancerCare Manitoba initiated a fundraising campaign aimed at raising capital for the construction of a new building and the renovation and expansion of existing facilities. The Building Fund was created to record the transactions of this project. The Province of Manitoba has committed to a contribution of approximately $31,111,000 towards the project. The total project costs are estimated at approximately $49,436,000 with expected completion of the facility in 2002.

To finance the construction of the new building, CancerCare Manitoba has obtained a demand loan in the amount of $31,111,000. At March 31, 2000. CancerCare Manitoba has $5,700,000 in bankers' acceptances bearing interest at the Commerce Acceptance Rate minus 0.76%. Monthly principal repayments commence April 30, 2002 and continue over a 20 year period ending March 31, 2022. The loan is secured by a letter of comfort from Manitoba Health approving future monthly principal and interest payments.

9 Externally restricted fund balances

Major categories of externally imposed restrictions on fund balances are as follows:

	2000 $	1999 $
Restricted for specific purposes	2,343,817	1,612,336
Restricted for building	1,462,896	8,574,140
Endowments, the income from which must be used for specific purposes	2,375,850	2,375,850
	6.182.563	12.562.326

10 Donations, fundraising and lottery

The donations, fundraising and lottery revenue items are shown net of direct costs related to these activities as follows:

	2000 $	1999 $
Donations and fundraising – net of direct costs of $10.535 (1999 - $464,655)	889,015	2,229,875
Lottery	-	653,825
	889.015	2.883.700

11 Fair value of financial instruments

The carrying value of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments.

The fair values of investments are measured at the current market rates at March 31, 2000. The fair market value of investments at March 31, 2000 and 1999 is $20,527,900 and $29,372,500, respectively.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Manitoba Centennial Centre Corporation as at March 31, 2000 and the statement of revenues and expenditures and deficit - general fund, the statement of cash flows – general fund and the statement of capital projects for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

David Petrie

Winnipeg, Manitoba
June 6, 2000

David Petrie, CA
for the Provincial Auditor

THE MANITOBA CENTENNIAL CENTRE CORPORATION
BALANCE SHEET
As at March 31, 2000

	2000	1999
ASSETS		
GENERAL FUND		
Current Assets		
Cash	$ 124,867	$ 96,273
Term deposits - Province of Manitoba	25,662	105,081
Accounts receivable	259,510	294,012
Capital grants recoverable - Province of Manitoba	103,626	14,054
Inventory	19,897	-
Prepaid expenses	15,598	17,456
	549,160	526,876
Non-Current Assets		
Accounts receivable	-	13,204
Accounts receivable - Province of Manitoba (Note 4)	307,561	307,561
Accounts receivable - Province of Manitoba (Note 5)	3,623,000	3,410,700
	3,930,561	3,731,465
RESTRICTED FUNDS (Note 6)		
Current Assets		
The Maitland Steinkopf Youth Fund		
Term deposit - Province of Manitoba	65,412	64,820
The Manitoba Centennial Foundation of the Future Fund		
Term deposit - Province of Manitoba	49,088	46,151
	114,500	110,971
	$ 4,594,221	$ 4,369,312
LIABILITIES AND FUNDS RETAINED (DEFICIT)		
GENERAL FUND		
Current Liabilities		
Accounts payable and accrued liabilities	$ 376,028	$ 390,576
Accrued vacation pay	194,274	200,767
Capital advances (Note 7)	385,363	91,540
Deferred income and rental deposits	4,650	7,767
	960,315	690,650
Non-Current Liabilities		
Accrued severance pay (Note 4)	337,404	334,718
Pension liability (Note 5)	3,623,000	3,410,700
Provision for deductible costs on insurance claims (Note 8)	15,000	15,000
	3,975,404	3,760,418
Total Liabilities	4,935,719	4,451,068
Deficit	(455,998)	(192,727)
	4,479,721	4,258,341
RESTRICTED FUNDS (Note 6)		
Funds Retained		
The Maitland Steinkopf Youth Fund	65,412	64,820
The Manitoba Centennial Foundation of the Future Fund	49,088	46,151
	114,500	110,971
	$ 4,594,221	$ 4,369,312

Commitments (Note 7)
Contingent liability (Note 9)

The accompanying notes are an integral component of these financial statements.

THE MANITOBA CENTENNIAL CENTRE CORPORATION
STATEMENT OF REVENUES AND EXPENDITURES AND DEFICIT - GENERAL FUND
For the year ended March 31, 2000

	2000	1999
Revenues		
Rentals		
Concert Hall	$ 620,003	$ 627,279
Sustaining fees	142,885	130,796
Office space	23,051	22,120
Restaurant facilities	1,584	-
Bar and concession sales	19,290	76,565
Event bar income	27,718	32,260
Administration fees	20,004	20,003
Parking fees	457,264	430,315
Checkroom fees	14,935	20,078
Program income	10,558	9,250
Investment income	7,846	11,976
Miscellaneous income	4,046	3,481
	1,349,184	1,384,123
Province of Manitoba grant		
Operating	2,439,800	2,387,800
Pension (Note 5)	212,300	(100,100)
	2,652,100	2,287,700
Recoveries of expenditures	145,545	143,715
Total revenues, grant and recoveries	4,146,829	3,815,538
Expenditures		
Administration and general	406,747	381,528
Bar and concession operations	19,954	48,453
Building services and maintenance	1,077,602	994,770
Host services and special projects	197,349	183,058
Parking services	244,010	223,825
Pension (Note 5)	212,300	(100,100)
Security services	407,147	390,318
Stage operations	298,162	253,351
	2,863,271	2,375,203
Expenditures incurred on behalf of the Manitoba Museum of Man and Nature (Note 11)	1,380,920	1,280,271
Total expenditures - per schedule	4,244,191	3,655,474
Rent subsidy (Note 10)	165,909	173,859
Total expenditures	4,410,100	3,829,333
Deficiency of revenues over expenditures	(263,271)	(13,795)
Deficit, beginning of year	(192,727)	(178,932)
Deficit, end of year	$ (455,998)	$ (192,727)

The accompanying notes are an integral component of these financial statements.

THE MANITOBA CENTENNIAL CENTRE CORPORATION
STATEMENT OF CASH FLOWS - GENERAL FUND
For the year ended March 31, 2000

	2000	1999
Cash provided by (used for)		
Cash flows from operating activities		
Deficiency of revenues over expenditures for the year	$ (263,271)	$ (13,795)
Changes in non-cash working capital items		
Current accounts receivable	34,502	(82,071)
Inventory	(19,897)	14,736
Prepaid expenses	1,858	(2,874)
Loan receivable	-	9,982
Accounts payable and accrued liabilities	(29,111)	(55,956)
Accrued vacation pay	(6,493)	15,100
Deferred income and rental deposits	(3,117)	(10,349)
Loan payable	-	(9,982)
Non-current accounts receivable	13,204	(13,204)
Accrued severance pay	2,686	27,157
	(269,639)	(121,256)
Cash flows from investing and financing activities		
Capital grants - Province of Manitoba	1,266,025	1,683,467
Capital expenditures	(1,047,211)	(1,600,480)
	218,814	82,987
Decrease in cash and cash equivalents during the year	(50,825)	(38,269)
Cash and cash equivalents, beginning of year	201,354	239,623
Cash and cash equivalents, end of year	$ 150,529	$ 201,354
Represented by:		
Cash	$ 124,867	$ 96,273
Term deposits - Province of Manitoba	25,662	105,081
	$ 150,529	$ 201,354

The accompanying notes are an integral component of these financial statments.

THE MANITOBA CENTENNIAL CENTRE CORPORATION
STATEMENT OF CAPITAL PROJECTS
For the year ended March 31, 2000

	2000	1999
Capital expenditures		
Air handling - Museum	$ -	$ 125,000
Boiler	5,109	273,321
Building envelope - Museum	803,074	739,434
Chandeliers	-	10,000
Concert Hall refurbishment	24,011	34,965
Courtyard stairs and fountain	14,761	67,564
Electrical/mechanical maintenance	43,174	50,134
Equipment and furnishings	1,976	61,611
Exterior lighting	39,243	927
Fire pump emergency power	50,508	-
Hardware/keys/doors	4,315	1,720
H.V.A.C. upgrade	6,500	2,000
Landscaping	8,586	4,735
Mechanical room access	-	45,087
Parking development	-	10,000
Stage floor/supplies	-	5,000
Stage lighting	10,932	69,998
Stage and rigging	27,272	60,236
Stage sound	12,331	22,342
Systems motor controls	9,982	6,458
	1,061,774	1,590,532
Capital grants - Province of Manitoba Received during the year	(958,148)	(1,576,478)
Recoverable	$ 103,626	$ 14,054

Capital commitments (Note 7)

The accompanying notes are an integral component of these financial statements.

THE MANITOBA CENTENNIAL CENTRE CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2000

1. Nature of the Corporation's Operations

The Centennial Centre Corporation was established in 1968 for the development and management of the permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aims and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts.

2. Properties of the Centre

The Corporation oversees the properties of the Centre on behalf of the Province of Manitoba. At March 31, 2000 registered titles to these properties, being the Concert Hall, parkade, parking lots and other buildings, are held by the Province of Manitoba. These properties are made available at no direct charge to the Corporation. Costs incurred by the Province of Manitoba are accounted for by the Centre in the Statement of Capital Projects.

3. Accounting Policies

(a) The Corporation's financial statements have been prepared on a fund basis, using generally accepted accounting principles. The general fund is used to account for the operations of the Centre. The restricted funds, which are the Maitland Steinkopf Youth Fund and the Manitoba Centennial Foundation of the Future Fund, are described in note 6.

(b) Pension payments are recognized as operating expenditures as payments are made under provisions of The Manitoba Civil Service Superannuation Act. The provisions of this Act require the Corporation to contribute 50% of the pension payments being made to retired employees. In addition, a provision has been recorded in the accounts of the Corporation for current and past service obligations to the Civil Service Superannuation Fund as indicated in note 5.

(c) The Corporation rents the concert hall to certain entities at a reduced rental rate. It is Corporation policy to record rental revenue at the standard rental rate and reflect the reduction as a subsidy expense in the Statement of Revenues and Expenditures.

(d) Investments are recorded at cost plus accrued interest.

(e) Inventory is valued at the lower of cost, using the first in first out method, and net realizable value.

4. Severance Pay Benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the method of calculation set by the Province of Manitoba.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 15 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employee. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable of $307,561 from the Province of Manitoba, which is an amount that is equal to the estimated liability for accumulated severance pay benefits at March 31, 1998.

This receivable from the Province of Manitoba has no terms of repayment and, accordingly, the amount of the receivable will remain fixed at $307,561.

5. Change in Accounting Policy

Effective March 31, 2000, the Corporation commenced recording the actuarial pension liability and the related pension expenditure and revenue in their financial statements. This change in accounting policy has been applied retroactively. Based on an actuarial report dated December 31, 1998, the unfunded liability for the Corporation's employees, calculated on an indexed basis, amounted to $3,623,000 as at March 31, 2000 (1999 - $3,410,700). For the year ended March 31, 2000, the Corporation recorded a pension liability of $3,623,000 (1999 - $3,410,700) and the related pension expenditure of $212,300 (1999 - recovery of $100,100).

The Province of Manitoba has accepted responsibility for the pension liability and the related expenditure. Accordingly, for the year ended March 31, 2000, the Corporation recorded an amount receivable from the Province of Manitoba of $3,623,000 (1999 - $3,410,700) and the related revenue of $212,300 (1999 - expense of $100,100). This receivable from the Province of Manitoba has no terms of repayment.

6. Restricted Funds

Restricted Funds established and managed by the Corporation are as follows:

(a) The Maitland Steinkopf Youth Fund

In 1972, the Corporation established the "Maitland Steinkopf Youth Fund" with an original allocation of $25,000. The major purpose of this fund is to promote cultural opportunities for Manitoba youths at reasonable costs.

Summary of Transactions

	2000	1999
Investment income	$ 3,017	$ 3,056
Grant expenditures	2,425	2,425
Investment income over grant expenditures	592	631
Funds retained, beginning of year	64,820	64,189
Funds retained, end of year	$ 65,412	$ 64,820

(b) The Manitoba Centennial Foundation of the Future Fund

In 1969, the Corporation established the "Foundation of the Future Fund" in recognition of Manitoba's centennial year. The terms of the Foundation's establishment provide that the Board of Directors of the Foundation will be composed of children born on six special dates in the year 1970. Based on the number of children born on these dates, the Corporation allocated $3,050 to the Fund. The Board of Directors is to meet on July 13, 2000 when the use of the Fund is to be determined.

Summary of Transactions

	2000	1999
Investment income	$ 2,937	$ 2,732
Funds retained, beginning of year	46,151	43,419
Funds retained, end of year	$ 49,088	$ 46,151

7. Capital Advances and Commitments

The Corporation has contractual commitments of $420,567 (1999 - $124,341) to complete capital improvements. This amount is fully recoverable from the Province of Manitoba. Capital funds in the amount of $385,363 (1999 - $91,540) were drawn in advance on projects awarded, but not completed by March 31, 2000.

8. Provision for Deductible Costs on Insurance Claims

The insurance program of the Corporation contains a deductible clause requiring the Corporation to pay the first $5,000 on any one claim with a maximum of $15,000 in any one year. The Corporation has set aside a provision of $15,000 and, as long as the conditions of the insurance coverage are unchanged, it will be maintained at this level.

THE MANITOBA CENTENNIAL CENTRE CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2000

9. Contingent Liability

As at March 31, 2000, the Corporation has guaranteed bank indebtedness of Paystations Management Inc. in the amount of $51,600 (1999 - $64,500).

10. Rent Subsidy

The Manitoba Centennial Centre Corporation rents the concert hall to the Winnipeg Symphony Orchestra, Manitoba Opera and Royal Winnipeg Ballet. These entities receive a reduction in the standard rental charge. The cost of providing the rent subsidy to these entities is reflected as an expenditure in the Statement of Revenues and Expenditures in the amount of $165,909 for the year ending March 31, 2000 (1999 - $173,859).

11. Grant of Service

The Manitoba Centennial Centre Corporation incurs expenditures such as cleaning, utilities and maintenance on behalf of the Manitoba Museum of Man and Nature. These expenditures account for $1,380,920 of the Corporation's total expenditures for the year ending March 31, 2000 (1999 - $1,280,271).

12. Financial Instruments

The Corporation's financial instruments consist of cash, term deposits, accounts receivable and accounts payable. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

13. Economic Dependence

The Corporation is economically dependent on funding received from the Province of Manitoba.

14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occured, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Corporation, including those related to customers, suppliers, or other third parties, have been fully resolved.

15. Comparative Figures

Comparative figures for the year ended March 31, 1999 have been restated to conform with the presentation adopted for the current year.

THE MANITOBA CENTENNIAL CENTRE CORPORATION
SCHEDULE OF EXPENDITURES
For the year ended March 31, 2000

	2000	1999
Administration and general		
Salaries and employee benefits	$ 366,749	$ 359,021
Temporary help	15,078	-
Insurance	37,789	37,900
Telephone and fax	15,312	16,183
Printing and stationery	7,120	7,193
Audit and legal	10,948	24,978
Other	14,179	13,131
Payroll service	7,676	6,184
Bad debts	21,545	-
Health and post secondary education tax levy	45,288	44,782
	541,684	509,372
Bar and concession operations		
Salaries and employee benefits	5,683	18,376
Cost of beverages sold	5,681	27,222
Other	8,590	2,855
	19,954	48,453
Building services and maintenance		
Salaries and employee benefits	1,137,302	1,085,727
Light, power and water	547,556	529,231
Heat	323,939	291,367
Repairs, maintenance and supplies	157,942	129,476
Other	110,497	67,897
	2,277,236	2,103,698
Host services and special projects		
Salaries and employee benefits	181,801	172,312
Other	15,548	10,746
	197,349	183,058
Parking services		
Salaries and employee benefits	107,696	101,957
Agency fees and expenditures	128,663	116,660
Other	7,651	5,208
	244,010	223,825
Pension (Note 5)	212,300	(100,100)
Security services		
Salaries and employee benefits	445,767	427,644
Other	7,729	6,173
	453,496	433,817
Stage operations		
Salaries and employee benefits	264,787	220,315
Repairs, supplies and equipment	33,375	33,036
	298,162	253,351
Total expenditures	4,244,191	3,655,474
Less: Expenditures incurred on behalf of the Manitoba Museum of Man and Nature (Note 11)	1,380,920	1,280,271
Net expenditures	$ 2,863,271	$ 2,375,203

The accompanying notes are an integral component of these financial statements.

Deloitte & Touche

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Winnipeg, Manitoba R3C 3Z3
Canada

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AUDITORS' REPORT

To the Members of
Manitoba Community Services Council Inc.

We have audited the balance sheet of Manitoba Community Services Council Inc. as at March 31, 2000 and the statements of financial activities and changes in net assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

Winnipeg, Manitoba
April 28, 2000

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Balance Sheet
March 31, 2000

	2000	1999
ASSETS		
CURRENT		
Cash	$ 436,573	$ 216,353
Accounts receivable (Note 3)	35,023	205,910
Prepaid expenses	890	4,667
Current portion of long term deposit receipts (Note 5)	80,491	154,000
	552,977	580,930
CAPITAL ASSETS (Note 4)	19,777	17,463
LONG-TERM DEPOSIT RECEIPTS (Note 5)	399,193	300,000
	$ 971,947	$ 898,393
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 2,925	$ 2,531
Allocations not yet paid	566,979	559,367
	569,904	561,898
NET ASSETS		
Net assets invested in capital assets	19,777	17,463
Funds for future allocation	382,266	319,032
	402,043	336,495
	$ 971,947	$ 898,393

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Statement of Changes in Net Assets

Year Ended March 31, 2000

	Invested in Capital Assets	Funds for Future Allocation	**Total 2000**	Total 1999
BALANCE, BEGINNING OF YEAR	$ 17,463	$ 319,032	**$ 336,495**	$ 400,582
EXCESS (DFFICIENCY) OF REVENUE OVER ALLOCATIONS AND EXPENSES	(15,548)	81,096	**65,548**	(64,087)
INVESTED IN CAPITAL ASSETS	17,862	(17,862)	**-**	-
BALANCE, END OF YEAR	$ 19,777	$ 382,266	**$ 402,043**	$ 336,495

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Statement of Financial Activities

Year Ended March 31, 2000

	2000	1999
REVENUE		
Provincial funding (Note 6)	$ 1,980,000	$ 1,980,000
Interest	44,706	56,744
Allocations recovered	4,354	103,681
	2,029,060	2,140,425
ALLOCATIONS AND EXPENSES		
Accommodation and services	36,858	34,531
Administration - Schedule 1	42,835	43,604
Allocations - Schedule 2	1,696,140	1,767,079
Consulting	-	686
Day care allocation	-	154,057
Depreciation and amortization	15,548	7,005
Office and computer supplies	6,472	8,583
Salaries and benefits	165,659	188,967
	1,963,512	2,204,512
EXCESS (DEFICIENCY) OF REVENUE OVER ALLOCATIONS AND EXPENSES	$ 65,548	$ (64,087)

1. INCORPORATION

Manitoba Community Services Council Inc. was incorporated under The Corporations Act of Manitoba on March 13, 1990 without share capital, created for the purpose of distributing bingo events and provincial funds to non-profit community organizations on behalf of the Province of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

a) *Statement of cash flows*

A statement of cash flows has not been presented since information concerning changes in financial position is evident from the financial statements presented.

b) *Long-term deposit receipts*

Long-term deposit receipts are carried at cost.

c) *Capital assets*

Capital asset acquisitions are capitalized in the year of purchase at values equal to cost. Depreciation and amortization are provided for on a straight-line basis at rates specified in Note 4.

d) *Financial instruments*

Financial risk
The financial risk is the risk to the Council's earnings that arises from fluctuations in interest rates and the degree of volatility of those rates. The Council does not use derivative instruments to reduce its exposure to interest rates.

Credit risk
Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Council. The Council limits credit risk by investing in investees that are considered to be high quality credits and by utilizing an internal investment policy.

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Notes to the Financial Statements
March 31, 2000

3. ACCOUNTS RECEIVABLE

	2000	1999
Interest receivable	$ 23,418	$ 20,085
Due from United Way Benefit Plan	9,775	20,376
G.S.T. refund	1,830	449
Provincial funding receivable	-	165,000
	$ 35,023	$ 205,910

4. CAPITAL ASSETS

	2000			1999	
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value	Rates
Leasehold improvements	$ 12,760	$ 12,760	$ -	$ 7,656	Lease Term
Furniture, fixtures and equipment	1,022	510	512	716	20%
Computer equipment	34,556	15,291	19,265	9,091	30%
	$ 48,338	$ 28,561	$ 19,777	$ 17,463	

5. LONG-TERM DEPOSIT RECEIPTS

	2000	1999
5.25% Manitoba Builder Bonds Series 4, maturing June 15, 2001	$ 200,000	$ 200,000
9% Ontario Hydro bond, maturing June 24, 2002	100,000	100,000
5.25% General Motors Acceptance Bond, maturing August 21, 2000	80,491	-
5.40% Royal Bank of Canada Bond, maturing April 7, 2003	81,615	-
8.75% Province of Ontario Bond, maturing April 22, 2003	17,578	-
7% Province of Manitoba bond, maturing April 19, 1999	-	154,000
	479,684	454,000
Less current portion	80,491	154,000
	$ 399,193	$ 300,000

6. PROVINCIAL FUNDING

Effective April 1, 1995, Manitoba Community Services Council Inc. (MCSC) renewed its five year agreement with the Province of Manitoba under which it will receive a share of the revenues of the Manitoba Lotteries Corporation to March 31, 2000. This revenue is to be used for distribution to not-for-profit community service organizations and Council's operating expenses. The renewal of this agreement is presently under discussion.

7. COMMITMENT

The Council has leased realty pursuant to a lease agreement, until March 31, 2005. Under the terms of the lease, the Council is responsible for base rent and its proportionate share of property taxes and operating costs of the building.

The minimum lease payments for the next five years is as follows:

2001	$ 11,576
2002	11,576
2003	11,576
2004	11,576
2005	11,576

8. CONTINGENCY

The Council's bankers have issued an irrevocable standby letter of credit in the amount of $8,025 to secure amounts owing for leasehold improvements pursuant to an agreement with the landlord. Subsequent to year-end this letter of credit was returned to the Council.

9. BINGO HALL EARNINGS

The Council also allocates a certain number of bingo events to various organizations that it funds. Numerous community service organizations earned a total of $821,400 (1999 - $833,700) through participation in bingo events.

The funds received from bingos are paid directly by the Manitoba Lotteries Corporation to the above organizations. Therefore, these funds are not reflected on the statement of financial activities.

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computer systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than that date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

Schedule 1

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Administration Expenses

Year Ended March 31, 2000

	2000	1999
Bank charges	$ 540	$ 542
Courier	985	1,424
Meeting costs and volunteer travel	17,632	23,265
Miscellaneous office costs	12,374	5,559
Photocopying	-	991
Postage	2,910	2,881
Professional fees	3,116	2,691
Telephone	5,278	6,251
	$ 42,835	$ 43,604

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Grant Allocations

March 31, 2000

Agape Table Inc. -Winnipeg	$ 5,000.00
Alpha House Project Inc.	$ 3,000.00
Altamont Centennial Community Centre	$ 7,000.00
Andrews Street Family Centre - Winnipeg	$ 2,000.00
Anishinabe Mino-Ayaawin Inc. - Winnipeg	$ 9,000.00
Arborgate Parent Advisory Council - La Broquerie	$ 3,000.00
Ashern Early Years School Parent Advisory Council	$ 6,000.00
Aulneau Renewal Centre Inc. - Winnipeg	$ 15,000.00
Badger Creek Club	$ 1,500.00
Belmont And District Historical Society	$ 6,000.00
Betty Gibson Parent Advisory Council - Brandon	$ 13,000.00
Binscarth Drop In Centre Inc.	$ 12,000.00
Birtle Collegiate Student Services Support Committee	$ 4,600.00
Birtle Riverside Golf Club Inc.	$ 5,000.00
Boissevain Community Centre Inc.	$ 8,000.00
Boissevain Curling Club	$ 2,000.00
Boy Scouts Of Canada (Manitoba Council) - Archwood Group	$ 200.00
Boy Scouts Of Canada (Manitoba Council) 1st Lundar Scout Group	$ 3,000.00
Boy Scouts Of Canada (Manitoba Council) 1st Southdale Venturer Company	$ 1,500.00
Boy Scouts Of Canada (Manitoba Council) 3rd Winnipeg Scout Group	$ 2,500.00
Boy Scouts Of Canada (Manitoba Council) 49th Winnipeg Scout Group	$ 2,500.00
Brandon Citizens Advocacy	$ 5,000.00
Brandon Parent/Child Toy Lending Library	$ 2,000.00
Brandon Riverbank Project	$ 11,000.00
Brandon Youth Softball League	$ 5,000.00
Burrows Trail Arts Council - McCreary	$ 4,000.00
Camp Wannakumbac - Onanole	$ 15,000.00
Camperville Community Council	$ 4,000.00
Canadian Celiac Association (Manitoba Chapter) Inc. - Winnipeg	$ 2,000.00
Canadian Mental Health Association - Central Region	$ 6,500.00
Canadian Mental Health Association - Manitoba Division	$ 3,000.00
Carrick Community Club Inc.	$ 7,000.00
Central Community Club Inc. - Rosser	$ 2,000.00
Child & Family Services East Area-Brokenhead River Regional Committee	$ 1,500.00
Children For The Future Centre (Aboriginal Headstart) - Swan River	$ 3,500.00
Club D'Age D'Or Notre Dame	$ 3,600.00
	$186,900.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Grant Allocations
March 31, 2000

Club Jovial, Inc. - St. Anne	$ 1,200.00
Club Les Bles D'Or Lorette, Inc.	$ 5,000.00
Concept Special Business Advisors Inc. - Winnipeg	$ 2,500.00
Creative Retirement Manitoba - Winnipeg	$ 10,000.00
Crescentview School Parent Advisory Council - Winnipeg	$ 500.00
Darwin Playground Committee - Winnipeg	$ 2,000.00
Dauphin Joint Recreation Commission	$ 10,000.00
Dauphin Lifeline	$ 12,000.00
Deloraine Agriculture Society	$ 4,000.00
Deloraine/Winchester Skating Rink	$ 7,000.00
Disabled Sail Manitoba - Winnipeg	$ 3,000.00
Downtown Brandon Business Improvement Association	$ 9,000.00
Dufrost Curling Club	$ 15,000.00
Ecole Dieppe Home And School Association - Winnipeg	$ 9,000.00
Ecole Laura Secord School Parent Council - Winnipeg	$ 6,000.00
Ecole Riverbend Parent Association - Winnipeg	$ 5,500.00
Ecole Royal School Parent Council - Winnipeg	$ 3,000.00
Edward Sports Centre - Pierson	$ 15,000.00
Elizabeth Fry Society - Winnipeg	$ 15,000.00
Elkhorn District Community Centre	$ 15,000.00
Elmwood Curling Club - Winnipeg	$ 1,000.00
Emerson New Horizons Club	$ 1,500.00
Erickson And District Recreational Centre	$ 3,000.00
Evergreen Women's Resource Centre Inc. - Gimli	$ 8,000.00
Fisher Personal Care Home Inc. - Fisher Branch	$ 25,000.00
Fisherton Horse Club - Fisher Branch	$ 500.00
Forrest Special Project Group - Brandon	$ 6,900.00
Fort Garry Lions Football Club	$ 12,000.00
Fort Garry Services Inc.	$ 20,000.00
Forward House Ministries Inc. - Winnipeg	$ 10,000.00
Foyer Vincent Inc. - Winnipeg	$ 6,000.00
Fred Douglas Society	$ 40,000.00
Glenboro Area Fund/Glenboro Rink Committee Inc.	$ 3,500.00
Glenboro Community Development Corporation	$ 12,000.00
Golden Prairie Arts Council - Carman	$ 2,200.00
Goulter School Advisory Council For School Leadership - Virden	$ 6,000.00
Grain Exchange Curling Club (1995) Inc. - Winnipeg	$ 10,000.00
Grandview And District Recreation Commission	$ 7,500.00
	$324,800.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Grant Allocations

March 31, 2000

Grandview Residential Services	$ 10,000.00
Grey Owl Non-Profit Housing Inc. - Brandon	$ 20,000.00
Hamiota Community Centre	$ 5,000.00
Hamiota Golf Club	$ 10,000.00
Hazelridge Parents Group	$ 5,000.00
Helma Er Best Inc. - Gimli	$ 19,000.00
Ikwe-Widdjiitiwin Inc. - Winnipeg	$ 1,000.00
Ile Des Chenes Club Inc.	$ 6,000.00
Independent Interpreter Referral Service - Winnipeg	$ 3,000.00
Inkster School Parent Council - Winnipeg	$ 4,000.00
Interlake Swim Association - Hilbre	$ 2,000.00
J.M. Young Parents Council - Riding Mountain	$ 2,500.00
John Taylor Music Parents Association - Winnipeg	$ 2,500.00
Keenleyside Tenants Association - Winnipeg	$ 4,000.00
Kelwood Community Centre - Winnipeg	$ 3,000.00
Kent Road School Parents' Council	$ 500.00
Kenville Memorial Hall	$ 6,000.00
Killarney Agricultural Society	$ 3,000.00
Killarney and District Community Centre	$ 11,185.00
Killarney Parent Advisory Council	$ 1,000.00
Kirkbridge Park Residents Committee - Winnipeg	$ 3,000.00
Koko Platz Recreation Club Inc. - Portage La Prairie	$ 12,000.00
L'Acceuil Precieux-Sang Ltee - Winnipeg	$ 17,000.00
Lac Du Bonnet Community Centre Inc.	$ 9,000.00
Lakeside Golf Club Inc. - Shoal Lake	$ 3,000.00
Letkemann Theatre Refurbishment Project Inc. - Thompson	$ 15,000.00
Lions Club - Sandy Lake	$ 12,000.00
Louise Roblin Recreation District	$ 1,000.00
MacDonald Youth Services - Winnipeg	$ 11,000.00
MacGregor Rodeo Association	$ 3,000.00
MacNeill Parent Partnership Council - Dauphin	$ 15,000.00
Mafeking Community Centre Inc.	$ 20,000.00
Makinak Curling Club	$ 2,000.00
Manitoba Association For Volunteer Administration - Winnipeg	$ 1,000.00
Manitoba Association of Community Arts Council - Winnipeg	$ 6,000.00
Manitoba Baseball Hall Of Fame Museum - Morden	$ 10,000.00
	$258,685.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Grant Allocations

March 31, 2000

Manitoba Families For Effective Autism Treatment Inc. - Winnipeg	$ 3,000.00
Manitoba Heritage Federation Inc. - Dauphin	$ 2,000.00
Manitoba Metis Federation Southeast Regional Metis Corporation	$ 1,000.00
Manitoba Metis Federation Thompson Region	$ 10,000.00
Manitoba Schizophrenia Society - Winnipeg	$ 15,000.00
Manitoba Society For Tourette Syndrome - Winnipeg	$ 8,000.00
Manitoba Theatre For Young People - Winnipeg	$ 3,000.00
Manitou Community Swimming Pool	$ 3,000.00
Maples Youth Activities - Winnipeg	$ 4,000.00
Marquette Curling Club	$ 3,000.00
Meadows Community Club - Marquette	$ 1,000.00
Meals On Wheels Of Winnipeg, Inc.	$ 15,000.00
Miami and Community Playground Committee	$ 6,000.00
Miami Children's Facility	$ 10,000.00
Mid-West Arts Council - Hamiota	$ 17,000.00
Miniota Community Centre	$ 12,000.00
Miniota Municipal Museum	$ 2,500.00
Minnedosa Lake Rehabilitation Committee	$ 5,000.00
Mino-Bimaadizi Project / Keeseekoowenin - Elphinstone	$ 15,000.00
Miriam Centre Inc. - Winnipeg	$ 1,000.00
Morden Friendship And Senior Services Activity Centre	$ 1,000.00
Morris Area Recreation Commission	$ 6,000.00
Morris Area Senior Services Inc.	$ 2,000.00
Neepawa And District Recreational Softball League	$ 5,500.00
New Era Parent Council Playground Committee - Brandon	$ 9,000.00
Norman Community Services - Flin Flon	$ 2,000.00
North Norfolk MacGregor Archives Inc.	$ 1,000.00
Nova House Inc. - Selkirk	$ 8,000.00
Oak Bluff Home And School Association	$ 4,500.00
Oak Lake District Arena	$ 3,000.00
Oakville Silver Threads Seniors' Inc.	$ 2,000.00
Ocher River Recreation Commission	$ 10,000.00
Onanole Cherry Chirpers Inc.	$ 1,500.00
Osborne Village Culture Centre/ Gas Station Theatre - Winnipeg	$ 3,000.00
Otterburne Community And Curling Club	$ 6,000.00
Park Circle Parent Council - Winnipeg	$ 1,000.00
Pelican Lake Agricultural Society	$ 4,000.00
	$206,000.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Grant Allocations
March 31, 2000

Phoenix/Kildonan Productions Theatre Company Inc.	$ 2,750.00
Pinawa Gymnastics Club	$ 1,000.00
Pipestone And District Drop In Centre	$ 2,500.00
Pointe Du Bois Community Club	$ 10,000.00
Polson School Parent Advisory Council - Winnipeg	$ 10,000.00
Poplar Point Advisory Council	$ 3,000.00
Prince Edward Community School Association - Winnipeg	$ 3,000.00
Project S.A.M. (Service Ability Mobility) - Portage La Prairie	$ 15,000.00
PULSE Inc. (Program Using Lifelong Skills In Education) - Minnedosa	$ 4,000.00
R.F. Morrison School Parent Committee - Winnipeg	$ 10,000.00
R.W.Bobby Bend Advisory Council - Winnipeg	$ 4,000.00
Regional Occupational Service Enterprises Inc. - Ste. Rose du Lac	$ 12,000.00
Reston Threatre Board (Rural Municipality of Pipestone)	$ 19,000.00
Riding Mountain Curling Club	$ 15,000.00
River East Council For Seniors - Winnipeg	$ 2,500.00
Riverton Recreation Facilities	$ 11,000.00
Roblin-Shell River-Hillsburg Recreation Commission	$ 15,000.00
Rockey Lake East Shore Recreation Committee - Wanless	$ 12,000.00
Rolling Dale Enterprises Inc. - Rivers	$ 15,000.00
Rolling River Festival Of The Arts - Rivers	$ 5,000.00
Rossman Lake Resort	$ 2,000.00
Rotary Club Of Neepawa - Trail Committee	$ 4,000.00
Royal Blues Music Parents Association - East Selkirk	$ 900.00
S.P.I.K.E. Inc. (Special People In Kildonan East)	$ 3,000.00
Salisbury Morse Place Community Association - Winnipeg	$ 6,000.00
Sandhill Golf And Country Club Inc. - Carberry	$ 3,000.00
Sandy Lake Recreation Association	$ 2,000.00
Sara Riel, Inc. - Winnipeg	$ 9,000.00
Scott Bateman Parent Council - The Pas	$ 12,500.00
Selkirk And District Arts Council	$ 1,500.00
Seniors Scene, Inc. - Victoria Beach	$ 10,000.00
Sherridon Community Council C/O Greenstone Community Futures Devel.	$ 8,000.00
Shevchenko School Parent Advisory Council - Vita	$ 2,000.00
Shevchenko Ukrainian Centre Inc. - Rosa	$ 5,000.00
Shoal Lake Agricultural Society	$ 7,000.00
Shoal Lake Community Handi-Van Service Inc.	$ 1,000.00
	$248,650.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.
Grant Allocations
March 31, 2000

Shoal Lake Millennium Committee	$ 3,000.00
Shoal Lake Pioneer Club Inc.	$ 1,500.00
Somerset And Area Elderly And Infirm Persons Housing	$ 7,000.00
Souris Early Years Playground Volunteer Group	$ 10,000.00
Souris Valley District Recreation Commission	$ 1,500.00
South Central Regional Library - Altona Branch	$ 5,500.00
South Interlake Seniors Resource Council - Stonewall	$ 1,100.00
South Whiteshell Trail Association - Winnipeg	$ 7,500.00
South Winnipeg Family Information Centre	$ 1,000.00
Springwell Colony School	$ 10,000.00
St. George Parenting Centre - Winnipeg	$ 3,000.00
St. Ignatius School Inc.	$ 1,000.00
St. James/Assiniboia Seniors Centre Inc.	$ 2.000.00
St. Labre Community Centre Inc.	$ 15,000.00
St. Laurent Community Development Corporation	$ 9,000.00
St. Malo Minor Baseball	$ 3,000.00
St. Pierre Museum Inc. - La Jolys Tea Room	$ 7,000.00
St.Pierre and District Minor Baseball	$ 3,000.00
Ste. Agathe Community Development Inc.	$ 20,000.00
Ste. Anne Immersion Advisory Council	$ 9,000.00
Steinbach Housing Inc.	$ 650.00
Strathclair And District Theatre Committee Inc.	$ 7,000.00
Strathclair Community Centre	$ 10,000.00
Swan Lake Friendship Centre	$ 5,000.00
Swan River Adult Education Program	$ 7,000.00
Swan River Parks And Recreation Commission	$ 15,000.00
Swan River Valley Agricultural Society	$ 25,000.00
Swan Valley Crisis Centre	$ 6,000.00
The Canadian Red Cross Society - Manitoba West Region	$ 25,000.00
The De/Lac Program - Lord Nelson School - Winnipeg	$ 14,000.00
The Pas And Area Horse Association, Inc.	$ 5,000.00
The Pas Arts Council Inc.	$ 2,000.00
The Pas Friendship Centre Inc.	$ 8,000.00
The Pas Music and Fine Arts Festival	$ 955.00
The Pas Public Library	$ 5,000.00
Thompson Boys and Girls Club	$ 20,000.00
	$275,705.00

Schedule 2

MANITOBA COMMUNITY SERVICES COUNCIL INC.

Grant Allocations

March 31, 2000

Tiger Hills Handi-Van - Treherne	$ 9,000.00
Town Of Snow Lake	$ 1,700.00
Transcona Literacy Centre - Winnipeg	$ 1,500.00
Treherne And Area Bowling And Billiards	$ 2,000.00
Ukrainian Centennial Committee - Sandy Lake	$ 3,000.00
Ukrainian Orthodox Summer Camp "Veselka" - Winnipeg	$ 6,000.00
Ukrainian People's Home Of Taras Shevchenko Fork River	$ 6,000.00
Valleyview Centennial School Parent Council - Brandon	$ 6,000.00
Versatech Industries, Inc. - Winnipeg	$ 9,000.00
Victor Mager School Parent's Group - Winnipeg	$ 6,000.00
Victory School Parent Advisory Council - Winnipeg	$ 10,000.00
Virden Community Arts Council	$ 9,000.00
Virden Community Swimming Pool	$ 3,000.00
Virden Youth Training Centre	$ 5,000.00
Watt Street Senior's Club - Winnipeg	$ 200.00
West Interlake Handivan Association - Lundar	$ 8,000.00
Westman association For Terminal Care In Hospice (Watch) - Brandon	$ 10,000.00
Westview Elementary School Parent Council - Winnipeg	$ 4,500.00
White Plain Recreation District	$ 2,000.00
Whiteshell Community Club Inc.	$ 18,000.00
Winkler Curling Club	$ 15,000.00
Winnipeg Inner City Youth Futures Fund, Inc.	$ 20,000.00
Winnipeg Volunteer Reading Aides Inc.	$ 3,500.00
Woodmore Women's Institute - Dufrost	$ 5,000.00
Work And Social Opportunities Inc. - Winnipeg	$ 20,000.00
Youth For Christ - Brandon Petra Place Youth Drop In Centre	$ 11,000.00
Zora Community Club - Dugald	$ 1,000.00
	$195,400.00

TOTAL 2000	**$1,696,140.00**

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Crop Insurance Corporation

We have audited the balance sheet of the Manitoba Crop Insurance Corporation as at March 31, 2000, the statement of operations and funds retained for the Crop Insurance program, the statement of operations and funds retained for the Hail Insurance program, the statement of cash flows and the statements of revenue and expenditure for the other agriculture related programs administered by the Corporation on behalf of the Government of the Province of Manitoba, being statements 1-5. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows, and the revenue and expenditure transactions of the programs administered by the Corporation on behalf of the Government of the Province of Manitoba, for the year then ended in accordance with generally accepted accounting principles.

James Martin

Winnipeg, Manitoba
June 23, 2000

James M. Martin, CA
for the Provincial Auditor

MANITOBA CROP INSURANCE CORPORATION
BALANCE SHEET

as at March 31, 2000

	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan (Note 4(A))	Other Programs (Note 4)	2000 Total	1999 Total
ASSETS						
Cash	$ 1,029,224	-	-	-	$ 1,029,224	$ 545,489
Short-term investments (Note 3(B))	222,633,952	20,498,839	22,249,009	-	265,381,800	211,352,593
Accounts receivable (Note 5)	9,396,064	954,233	80,612	100,791,612	111,222,521	7,764,684
Prepaid expenses	110,309	-	-	-	110,309	102,559
Interprogram receivable	-	106,346	28,206	229,618	364,170	133,284
	233,169,549	21,559,418	22,357,827	101,021,230	378,108,024	219,898,609
Capital assets (Note 6)	1,500,734	-	-	-	1,500,734	1,915,834
	$ 234,670,283	21,559,418	22,357,827	101,021,230	$ 379,608,758	$ 221,814,443
LIABILITIES AND FUNDS RETAINED						
Reinsurance premiums payable	$ 18,318	20,305	-	-	$ 38,623	$ 66,402
Indemnities payable (Note 7)	1,643,030	-	77,036	100,810,119	102,530,185	1,059,598
Accounts payable and accrued liabilities	2,592,310	-	3,089	211,111	2,806,510	2,494,433
Interprogram payable	364,170	-	-	-	364,170	133,284
Excess of revenue over expenditure	-	-	22,277,702	-	22,277,702	21,136,624
	4,617,828	20,305	22,357,827	101,021,230	128,017,190	24,890,341
Deferred revenue (Note 8)	1,500,734	-	-	-	1,500,734	1,915,834
Funds retained	228,551,721	21,539,113	-	-	250,090,834	195,008,268
	$ 234,670,283	21,559,418	22,357,827	101,021,230	$ 379,608,758	$ 221,814,443

APPROVED BY THE BOARD:

MANITOBA CROP INSURANCE CORPORATION

CROP INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2000

	2000	1999
Revenue:		
Premiums		
Insureds	$ 23,491,572	$ 25,517,172
Government of Canada (Note 3(F))	34,873,614	38,320,176
Province of Manitoba (Note 3(F))	27,164,368	29,800,183
	85,529,554	93,637,531
Less premiums ceded (Note 9)		
Reinsurance Fund of Canada	427,362	4,119,388
Reinsurance Fund of Manitoba	427,362	4,119,388
	854,724	8,238,776
Net premiums	84,674,830	85,398,755
Interest	10,742,993	7,429,577
Total revenue	95,417,823	92,828,332
Expenditure:		
Indemnities	42,572,655	34,346,342
Doubtful accounts	2,661	62,933
Administrative expenses - Schedule 1	8,666,572	8,541,374
Administrative expenses recovered from		
Government of Canada (Note 3(G))	(3,518,863)	(3,379,552)
Province of Manitoba (Note 3(G))	(3,524,556)	(3,384,747)
Insured producers (Note 3(G))	(1,623,153)	(1,777,075)
Net expenditure	42,575,316	34,409,275
Income for the year	52,842,507	58,419,057
Funds retained, beginning of year	175,709,214	117,290,157
Funds retained, end of year	$ 228,551,721	$ 175,709,214

MANITOBA CROP INSURANCE CORPORATION

HAIL INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2000

	2000	1999
Revenue:		
Premiums	$ 7,011,997	$ 11,231,972
Less premiums ceded for reinsurance	543,430	-
Net premiums	6,468,567	11,231,972
Interest and surcharges	1,262,014	1,082,991
Total revenue	7,730,581	12,314,963
Expenditure:		
Indemnities	4,048,290	2,172,539
Administrative expenses, Schedule 1	1,417,889	1,460,139
Doubtful accounts	24,343	14,438
Total expenditure	5,490,522	3,647,116
Income for the year	2,240,059	8,667,847
Funds retained, beginning of year	19,299,054	10,631,207
Funds retained, end of year	$ 21,539,113	$ 19,299,054

MANITOBA CROP INSURANCE CORPORATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2000

	Crop Insurance Program	Hail Insurance Program	2000 Total	1999 Total
Cash provided by (used for)				
Operating activities:				
Income for the year				
Income before interest revenue	$ 42,099,514	978,045	$ 43,077,559	$ 58,574,336
Interest revenue	10,742,993	1,262,014	12,005,007	8,512,568
	52,842,507	2,240,059	55,082,566	67,086,904
Items not involving cash				
Changes in allowance for doubtful accounts	(167,496)	(6,502)	(173,998)	(61,525)
Amortization of capital assets	475,498	-	475,498	506,069
Changes in:				
Accounts receivable	(333,119)	(107,216)	(440,335)	(594,285)
Interest receivable	(2,066,734)	(208,000)	(2,274,734)	(2,501,481)
Prepaid expenses	(7,750)	-	(7,750)	(10,946)
Interprogram receivable/payable	379,692	(120,275)	259,417	(183,966)
Reinsurance premiums payable	(48,084)	20,305	(27,779)	(50,754)
Indemnities payable	802,703	-	802,703	(116,328)
Accounts payable and accrued liabilities	150,693	-	150,693	112,625
Cash provided by operating activities	52,027,910	1,818,371	53,846,281	64,186,313
Investing activities:				
Purchase of short-term investments	(64,577,232)	(3,547,827)	(68,125,059)	(79,184,041)
Purchase of capital assets	(62,999)	-	(62,999)	(329,136)
Proceeds on disposition of capital assets	2,600	-	2,600	5,600
Cash utilized by investing activities	(64,637,631)	(3,547,827)	(68,185,458)	(79,507,577)
Financing activities:				
Deferred revenue	(415,100)	-	(415,100)	(182,533)
Cash utilized by financing activities	(415,100)	-	(415,100)	(182,533)
Net decrease in cash and short-term investments	(13.024.821)	(1.729.456)	(14.754.277)	(15,503,797)
Cash and cash equivalents, beginning of year	21,083,655	2,729,456	23,813,111	39,316,908
Cash and cash equivalents, end of year	$ 8,058,834	1,000,000	$ 9,058,834	$ 23,813,111
Cash and cash equivalents comprised of the following:				
Short term investments	$ 222,633,952	20,498.839	$ 243,132,791	$ 190,245,743
Short term investments with terms greater than 90 days	215,604,342	19,498.839	235,103,181	166,978,121
Short term investments with terms of 90 days or less	7,029,610	1,000,000	8,029,610	23,267,622
Cash	1,029,224	-	1,029,224	545,489
	$ 8,058,834	1,000,000	$ 9,058,834	$ 23,813,111

MANITOBA CROP INSURANCE CORPORATION

Statement 1

REVENUE PROTECTION - GROSS REVENUE INSURANCE PLAN (Note 4(A))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

	2000	1999
Revenue:		
Premiums, prior years		
Insureds	$ -	$ 690
Government of Canada	-	1,898
Province of Manitoba	-	700
	-	3,288
Interest	1,058,750	1,045,263
Total revenue	1,058,750	1,048,551
Expenditure:		
Indemnities (recoveries), prior years	(55,480)	423,469
Doubtful accounts (recoveries)	(26,848)	(85,040)
Administrative expenses, Schedule 1	80,198	60,414
Administrative expenses recovered from		
Government of Canada	(37,769)	(29,305)
Province of Manitoba	(42,429)	(31,109)
Net expenditure (recoveries)	(82,328)	338,429
Excess of revenue over expenditure	1,141,078	710,122
Excess of revenue over expenditure, beginning of year	21,136,624	20,426,502
Excess of revenue over expenditure, end of year	$ 22,277,702	$ 21,136,624

MANITOBA CROP INSURANCE CORPORATION

Statement 2

WILDLIFE DAMAGE COMPENSATION PROGRAM (Note 4(B))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

	2000	1999
Revenue:		
Recovery of expenditures		
Government of Canada	$ 658,714	$ 490,377
Province of Manitoba	934,366	692,568
Total revenue	$ 1,593,080	$ 1,182,945
Expenditure:		
Indemnities	$ 1,378,262	$ 1,010,953
Administrative expenses		
Adjusters' wages and expenses	185,994	138,645
Audit fees and legal	12,823	12,680
Salaries and employee benefits	13,598	8,605
Other administrative expenses	2,403	12,062
	214,818	171,992
Total expenditure	$ 1,593,080	$ 1,182,945

Statement 3

MANAGEMENT PLUS PROGRAM (Note 4(C))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

	2000	1999
Revenue:		
Recovery of expenditures		
Manitoba Rural Adaptation Council Inc.	$ 2,183	$ 40,563
Expenditure:		
Administrative expenses	$ 2,183	$ 40,563

MANITOBA CROP INSURANCE CORPORATION

Statement 4

MANITOBA FARM DISASTER ASSISTANCE PROGRAM (Note 4(D))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

	2000
Revenue:	
Recovery of expenditures	
Province of Manitoba	$ 70,390,550
Total revenue	$ 70,390,550
Expenditure:	
Program payments	$ 69,949,881
Administrative expenses	
Adjusters' wages and expenses	282,887
Audit fees and legal	19,583
Salaries and employee benefits	71,363
Other administrative expenses	66,836
	440,669
Total expenditure	$ 70,390,550

Statement 5

CANADA MANITOBA ADJUSTMENT PROGRAM (Note 4(E))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

	2000
Revenue:	
Recovery of expenditures	
Government of Canada	$ 60,000,000
Province of Manitoba	40,000,000
Total revenue	$ 100,000,000
Expenditure:	
Program payments	$ 99,900,000
Administrative expenses	
Advertising	20,000
Postage, printing and supplies	40,000
Salaries and employee benefits	14,500
Other administrative expenses	25,500
	100,000
Total expenditure	$ 100,000,000

MANITOBA CROP INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2000

1. Authority

The Manitoba Crop Insurance Corporation was incorporated under a specific Statute of the Province of Manitoba, and operates under the authority of The Crop Insurance Act, Chapter C310 in the Continuing Consolidation of the Statutes of Manitoba.

2. Basis of Reporting

The financial statements of the Corporation are in such form as prescribed by Section 13 of The Crop Insurance Act, and are presented in accordance with generally accepted accounting principles.

3. Significant Accounting Policies

(A) Programs

Under the provisions of its Acts and regulations, the Corporation operates crop and hail insurance programs for Manitoba farmers.

The Corporation is also responsible for the administration of various agriculture related programs, including the Revenue Protection component of the Gross Revenue Insurance Plan and the Wildlife Damage Compensation Program, on behalf of the Government of Canada and the Province of Manitoba.

For financial accounting purposes, all programs are regarded as separate operations and are accounted for separately.

(B) Short-Term Investments

Short-term investments are carried at cost, which approximates market value. Funds available for short-term investment are invested with the Province of Manitoba, in accordance with Section 20(8) of The Crop Insurance Act.

(C) Capital Assets and Amortization

Capital assets are stated at cost less accumulated amortization. Capital assets are being amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Application Development	8 years
Leasehold Improvements	Remaining term of the lease

(D) Pensions

Effective April 1, 1998, the Corporation began matching employees' current pension contributions to the Civil Service Superannuation Plan. As a matching employer, the Corporation discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

(E) Vacation and Severance Pay

Employees of the Corporation are entitled to vacation and severance pay in accordance with the terms of the Collective Agreement and Corporation policy. The liability for vacation and severance pay is recorded based on the Corporation's best estimates.

(F) Premiums and Government Contributions

The Corporation recognizes as revenue all premiums earned on policies in force during the year. The insurance premium rates are calculated annually by crop and risk area and are based on a 25-year average of historic loss experience adjusted for the program's current level of benefits. Premium rates are adjusted annually to maintain adequate reserves over time. This is done to ensure program self-sustainability.

Agreements between the Government of Canada and the Province of Manitoba provide for the cost sharing of the insurance premiums under the Crop Insurance Program. The insurance premiums for coverage of 50% of the insureds' probable yield are shared between the Government of Canada (60%) and the Province of Manitoba (40%). Premiums for insurance coverage above the 50% level are shared between the insureds (50%), the Government of Canada (25%) and the Province of Manitoba (25%).

(G) Administrative Expenses

The agreement relating to the Crop Insurance Program, referred to in Section (F) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared equally by the Government of Canada and the Province of Manitoba. Administrative revenues include a per acre administrative fee shown as a recovery from insured producers. Administrative expenses relating to the Hail Insurance Program are recovered from the insureds.

Identifiable administrative expenses for all of the programs administered by the Corporation are charged directly to the specific program. Where direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by the Corporation's Board of Directors.

4. Other Programs

(A) Statement 1

Effective January 1991, the Corporation assumed responsibility for the administration of the agreement between the Government of Canada and the Province of Manitoba for the Revenue Protection component of the Gross Revenue Insurance Plan (GRIP) for crops produced in Manitoba.

For the year ended March 31, 1993 and subsequent years, the GRIP premiums are shared between the insured producers (33.33%), the Government of Canada (41.67%), and the Province of Manitoba (25.0%).

The administrative expenses incurred by the Corporation to administer the GRIP program are shared equally by the Government of Canada and the Province of Manitoba.

The Government of Canada and the Province of Manitoba terminated GRIP at the end of the 1995 crop year. In February 1997, $47,491,745 or 75% of the March 31, 1996 excess of revenue over expenditure was distributed to the participants according to their respective premium contributions. The balance of the excess revenue over expenditure earns interest and will be distributed to the participants once all the outstanding issues relating to GRIP are finalized.

(B) **Statement 2**

The Corporation administers the Wildlife Damage Compensation Program that was established to compensate producers 100% for losses or damage to agricultural crops and products caused by big game animals, waterfowl, or livestock predation. The Government of Canada contributes 40% for losses and 50% of the total administrative expenses. The Province of Manitoba contributes 60% for losses and 50% of the total administrative expenses.

(C) **Statement 3**

Effective June 1993, the Corporation assumed responsibility for the administration of the Management Plus Program. The program was established to provide producers with data from the Corporation to assist them in making management decisions regarding their farm operations. The administrative expenses incurred by this program to March 31, 1999 were recovered from the Manitoba Association of Agriculture Societies Inc. For the year ending March 31, 2000, funding was provided by the Manitoba Rural Adaptation Council Inc.

(D) **Statement 4**

Commencing June 1999, the Corporation assumed responsibility for the administration of the Manitoba Farm Disaster Assistance Program (MFDAP). This program was introduced to help producers affected by the excess moisture conditions which impaired seeding, and damaged forage fields and pastures in the spring of 1999. The program covered unseeded land, forage restoration, hay shortfall and custom seeding. Funding for the program was provided by the Province of Manitoba.

(E) **Statement 5**

The Corporation is administering the Canada-Manitoba Adjustment Program (CMAP) on behalf of the Government of Canada and the Province of Manitoba. This program provides producers of grains, oilseeds and special crops with a one-time payment to assist them as they complete the adjustment from the elimination of transportation subsidies during a period of low prices.

Assistance of $100 million is being provided through this program. This amount includes administrative expenses and is being cost shared by the Government of Canada (60%) and the Province of Manitoba (40%).

MANITOBA CROP INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2000

5. Accounts Receivable

The accounts receivable as of March 31, 2000 consist of the following:

	March 31, 2000					March 31, 1999
	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan	Other Programs *	Total	Total
Insureds	$ 765,134	413,782	-	143,624	$ 1,322,540	$ 706,685
Government of Canada	1,186,667	-	856	60,107,439	61,294,962	1,097,211
Province of Manitoba	1,599,333	-	513	40,540,549	42,140,395	1,608,013
Accrued Interest	5,821,374	540,451	79,243	-	6,441,068	4,275,770
Other	23,556	-	-	-	23,556	77,005
	$9,396,064	954,233	80,612	100,791,612	$111,222,521	$7,764,684

- * Included in Other Programs are accounts receivable of $100,000,000 for CMAP, $684,173 for MFDAP and $107,439 for Wildlife Damage Compensation Program.

6. Capital Assets

	March 31, 2000			March 31, 1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and Equipment	$ 157,328	71,833	$ 85,495	$ 83,948
Computer Hardware	453,399	339,941	113,458	149,684
Computer Software	71,091	49,801	21,290	32,975
Major Application Development	2,907,419	1,763,567	1,143,852	1,494,186
Leasehold Improvements	274,652	138,013	136,639	155,041
	$3,863,889	2,363,155	$1,500,734	$1,915,834

7. Indemnities Payable

Indemnities payable for the Crop Insurance Program of $1,643,030 (1999 - $981,966) provide for indemnity payments relating to the 1999 crop year. This amount includes an estimate of $607,000 (1999 - $395,700) which represents the liability for unpaid claims and the loss of crop value due to the overwinter deterioration of unharvested crops.

Indemnities payable for Other Programs of $100,810,119 include a provision of $99,900,000 for assistance payments through the Canada-Manitoba Adjustment Program and an estimate of $593,650 representing the liability for unpaid claims under the Manitoba Farm Disaster Assistance Program.

8. Deferred Revenue

Deferred revenue represents administrative subsidies provided equally by the Government of Canada and the Province of Manitoba and used to acquire capital assets. Deferred revenue is recognized as revenue when amortization is recorded on capital assets.

9. Reinsurance Funds - Crop Insurance

In accordance with the terms of a reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of Government maintain separate reinsurance accounts. The Corporation pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba, and to the Crop Reinsurance Fund of Manitoba, based on premiums collected plus the matching contributions paid by the Government of Canada and the Province of Manitoba. When indemnities are in excess of the funds retained by the Corporation and certain other conditions are met, transfers are made from the Crop Reinsurance Fund accounts to the Corporation. Interest is neither credited nor charged to the Funds by the Government of Canada or the Province of Manitoba.

The status of the Crop Reinsurance Fund accounts as at March 31, 2000, is as follows:

	Reinsurance Fund of Canada for Manitoba		Reinsurance Fund of Manitoba	
	2000	1999	2000	1999
Opening surplus (deficit)	$(2,885,689)	$(7,005,373)	$19,792,254	$15,672,570
Current year premium contributions (net) *	439,319	4,119,684	439,319	4,119,684
Closing surplus (deficit)	$(2,446,370)	$(2,885,689)	$20,231,573	$19,792,254

- Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts.

10. Lease Agreements

Manitoba Crop Insurance Corporation has entered into long term lease agreements. The minimum payments under these leases are as follows:

Year Ending March 31st	Lease Agreement Amounts
2001	$ 456,130
2002	344,578
2003	283,195
2004	256,444
2005	196,331
	1,536,678
2006 and beyond	479,274
	$2,015,952

MANITOBA CROP INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2000

11. **Contingencies**

Various legal actions for additional indemnity payments and coverage have been commenced by producers against the Corporation. The outcome of these claims cannot be determined at this time.

12. **Actuarial Review**

An actuarial review on the crop insurance programs was completed by the firm of Tillinghast in January 1998. The actuarial report concludes that the methodology used by the Corporation in establishing the probable yields of the crops covered by these programs meets the requirements of the Federal Crop Insurance Regulations. The report also concludes that the premium rate methodology is actuarially sound, is sufficient to meet expected claim costs, and includes a provision for adverse deviations from expected results.

A comprehensive actuarial review is completed every five years with any new programs or program changes being reviewed annually.

13. **Related - Party Transactions**

The Corporation is related in terms of common ownership to all Province of Manitoba-created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

14. **Comparative Figures**

Certain 1999 comparative figures in the financial statements have been reclassified to conform with the current year's presentation.

MANITOBA CROP INSURANCE CORPORATION

Schedule 1

SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 2000

	2000	1999
Adjusters' wages and expenses	$ 2,113,051	$ 2,090,558
Advertising	119,340	83,605
Amortization expense	475,498	506,069
Appeal tribunal	14,589	3,382
Audit fees and legal	253,814	205,235
Directors' remuneration and expenses	47,314	49,231
Furniture and equipment	51,988	67,630
Information technology	430,517	470,035
Office rental and utilities	555,722	561,537
Other administrative expenses	295,055	204,808
Other administrative recoveries	(239,145)	(78,630)
Postage	107,720	106,706
Printing, stationery and office supplies	154,884	155,594
Salaries and employee benefits	5,384,138	5,240,253
Telephone	122,014	142,783
Travel and automobile expenses	278,160	253,131
Total administrative expenses	$ 10,164,659	$ 10,061,927
Administrative expenses allocated to:		
Crop Insurance Program	$ 8,666,572	$ 8,541,374
Revenue Insurance Program	80,198	60,414
Hail Insurance Program	1,417,889	1,460,139
Total administrative expenses	$ 10,164,659	$ 10,061,927

PRICEWATERHOUSECOOPERS

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June 16, 2000

Auditors' Report

To the Directors of
Manitoba Development Corporation

We have audited the balance sheet of **Manitoba Development Corporation** as at March 31, 2000 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Manitoba Development Corporation

Balance Sheet

As at March 31, 2000

	2000 $	1999 $
Assets		
Current assets		
Cash	228,345	125,497
Term deposits – Province of Manitoba	3,173,840	3,134,825
Accounts receivable – Province of Manitoba	380,744	149,716
Accounts receivable – Other	5,693	-
	3,788,622	3,410,038
Long-term investments		
Loans receivable – made prior to 1977	-	276,094
Assets managed for the Province of Manitoba under Part II		
Cash on hand held in trust	858,324	2,126,570
Accounts receivable (note 2)	583,454	97,826
Loans receivable (note 3)	43,727,044	60,687,452
Equity investments (note 4)	2,504,014	1,032,674
	47,672,836	63,944,522
	51,461,458	67,630,654
Liabilities and Equity		
Current liabilities		
Accounts payable – Part 1	222,531	227,614
Long-term liabilities		
Accrued pension liabilities	547,250	603,856
Funds provided by the Province of Manitoba under Part II	47,672,836	63,944,522
	48,442,617	64,775,992
Equity (note 5)	3,018,841	2,854,662
	51,461,458	67,630,654

Approved by the Board of Directors

_______________ Director

_______________ Director

Manitoba Development Corporation

Statement of Income and Retained Earnings

For the year ended March 31, 2000

	2000 $	1999 $
Income from Part I		
Interest	217,447	217,312
Reduction in provision for divestiture	-	50,000
Cost recoveries	943	2,266
	218,390	269,578
Income from Part II		
Interest – loans receivable	2,693,912	1,885,634
Pro-rata share of partnership earnings	1,566,443	1,184,481
Recovery of Part II expenses from the Province of Manitoba		
Allowance for loan forgiveness	1,832,855	4,907,376
Allowance for doubtful accounts	24,490,038	4,794,878
Provision for decline in value of investments	-	2,617,658
	30,583,248	15,390,027
	30,801,638	15,659,605
Expenses under Part I		
Administration	62,338	42,527
Pension benefit costs	(8,127)	48,372
	54,211	90,899
Expenses under Part II		
Allowance for loan forgiveness	1,832,855	4,907,376
Allowance for doubtful accounts	24,490,038	4,794,878
Provision for decline in value of investments	-	2,617,658
Repayment of Part II income to the Province of Manitoba		
Interest on loans receivable	2,693,912	1,885,634
Provision for repayment of pro-rata share of partnership earnings	1,566,443	1,184,481
	30,583,248	15,390,027
	30,637,459	15,480,926
Net income for the year	164,179	178,679
Retained earnings – Beginning of year (note 5)	2,563,236	2,384,557
Retained earnings – End of year (note 5)	2,727,415	2,563,236

Manitoba Development Corporation

Statement of Cash Flows

For the year ended March 31, 2000

	2000 $	1999 $
Provided by (used in) Part I activities		
Operating activities		
Net income for the year	164,179	178,679
Adjustments to reconcile net income to net cash flow from operating activities		-
Loss on disposal of capital assets	-	1,343
Reduction in provision for divestiture	-	(50,000)
Changes in operating assets and liabilities		
Accounts receivable		
Province of Manitoba	(231,028)	(149,716)
Other	(5,693)	-
Accounts payable	(5,083)	52,350
Accrued pension liabilities	(56,606)	256
	(134,231)	32,912
Investing activity		
Loan principal repayments	276,094	128,066
Net cash flow from Part I activities, carried forward	141,863	160,978

Manitoba Development Corporation

Statement of Cash Flows ...*continued*

For the year ended March 31, 2000

	2000 $	1999 $
Net cash flow from Part I activities, brought forward	141.863	160.978
Provided by (used in) Part II activities		
Loans receivable		
Principal repayments	9,216,966	14,069,517
Loans issued	(17,843,065)	(20,640,000)
Increase in accrued interest receivable	(736,386)	(740,821)
	(9,362,485)	(7,311,304)
Equity investments		
Investments made	(68,750)	(390,000)
Redemptions	163,853	45,146
	95,103	(344,854)
	(9,267,382)	(7,656,158)
Decrease (increase) in cash on hand held in trust	1,268,246	(117,815)
Decrease (increase) in accounts receivable	(485,628)	79,832
Funds provided by the Province of Manitoba	8,484,764	7,694,141
Net cash flow from Part II activities	-	-
Net increase in cash balance during the year	141,863	160,978
Cash balance – Beginning of year	3,260,322	3,099,344
Cash balance – End of year	3,402,185	3,260,322
Cash balance consists of the following		
Cash on hand	228,345	125,497
Term deposits – Province of Manitoba	3,173,840	3,134,825
	3,402,185	3,260,322

1 Significant accounting policies

Nature of operations and economic dependence

The Manitoba Development Corporation ("the Corporation") provides loans and guarantees under Part I and Part II of the Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the Corporation, while Part II activities are at the direction of the Province of Manitoba. The Corporation's lending operations under Part I were suspended effective November 15, 1977 except at the direction of the Province of Manitoba.

Equity investments under Part II

The Corporation's equity investments related to share capital investments are recorded at cost. The Corporation's investments in the Vision Capital Fund, the Manitoba Capital Fund and the Manitoba Science and Technology Fund are accounted for using the equity method of accounting. These investments were originally recorded at cost and the carrying value is adjusted thereafter to include the Corporation's pro rata share of post acquisition earnings for these investments. Such adjustments are correspondingly reflected in the balance sheet caption "Funds provided by the Province of Manitoba under Part II."

Pension Plan

Past employees of the Corporation were not members of the Civil Service of the Province of Manitoba but they contributed to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension paid to retired employees. The current pension expense is determined on the basis of an actuarial valuation. Payments to pensioners are charged against the liability account.

Operating losses

Losses under Part I and under Part II of the Corporation are the responsibility of the Province and are charged directly against advances received from the Province.

Cash

For the purpose of the statement of cash flows, cash includes cash and term deposits with the Province of Manitoba with maturities of up to three months.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

2 Accounts receivable managed for the Province of Manitoba under Part II

The accounts receivable represent balances outstanding for interest, capital repayments or fees incurred by the Corporation on behalf of the following programs:

	2000 $	1999 $
Manitoba Industrial Opportunities Program	450,000	-
Manitoba Capital Fund	133,454	97,826
	583,454	97,826

3 Loans receivable managed for the Province of Manitoba under Part II

	2000 $	1999 $
Business support		
Manitoba Industrial Opportunities Program	70,533,704	60,870,517
Manufacturing Adaptation Program	152,083	354,377
Canada - Manitoba Economic Development Partnership	1,665,811	1,500,000
	72,351,598	62,724,894
Other loans receivable		
Canada/Manitoba Tourism Agreement	91,858	124,766
Destination Manitoba	-	12,675
Vision Capital Fund	25,771,192	25,773,029
Crocus Foods (1996) Limited	376,990	370,337
Manitoba Film and Sound	400,000	524,102
Related to sale of Linnet Geomatics International Inc.	296,461	395,811
	26,936,501	27,200,720
	99,288,099	89,925,614
Less: Allowance for forgiveness	13,213,491	11,380,636
Allowance for doubtful accounts	42,347,564	17,857,526
	55,561,055	29,238,162
	43,727,044	60,687,452

The Vision Capital Fund loans receivable accrue interest at rates of 5% - 10.25% per annum and are secured by a debenture on all assets of the Fund. The interest accumulates in the Fund and is payable along with any outstanding loan advances on December 31, 2001.

Manitoba Development Corporation

Notes to Financial Statements

March 31, 2000

4 Equity investments managed for the Province of Manitoba under Part II

	2000 $	1999 $
Share capital investments		
Class A voting shares of A. E. McKenzie Co. Ltd.	-	261,870
Class M preferred shares of A. E. McKenzie Co. Ltd.	54	54
Common shares of Crocus Foods (1996) Limited	75	75
Class C preferred shares of C.A.R.E. Corp.	684,270	800,000
	684,399	1,061,999
Less: Allowance for forgiveness of shares	(684,399)	(1,061,999)
	-	-
Limited Partnership Investments		
Vision Capital Fund	813,521	977,374
Manitoba Capital Fund	4,363,200	4,363,200
Manitoba Science and Technology Fund	68,750	-
	5,245,471	5,340,574
Less: Provision for decline in value of investments	4,632,658	4,632,658
Pro rata share of partnership earnings	(1,891,201)	(324,758)
	2,741,457	4,307,900
	2,504,014	1,032,674

On December 20, 1994, the Province of Manitoba entered into an agreement to sell the assets of A. E. McKenzie Co. Ltd. As part of the sale, the Corporation purchased 102 Class M preferred shares of the purchaser and 213,675 Class A voting shares of the purchaser's parent for $102 and $500,000 respectively. The Corporation has agreed that the Class A voting shares would be dealt with in accordance with the asset purchase agreement. That agreement states that employees of A. E. McKenzie Co. Ltd. may qualify to obtain those shares by continuous employment with the purchaser or its affiliates until January 1, 2000 with provisions for early distribution in case of retirement or death. During the year, the Corporation redeemed all of the outstanding Class A voting shares for $261,870 (1999 – 381 shares for $3,248) as instructed by A. E. McKenzie Co. Ltd.

On November 1, 1996 the Corporation incorporated a new subsidiary company, Crocus Foods (1996) Limited ("Crocus"), to acquire 100% of the assets of Crocus Foods Ltd., a fresh vegetable processing plant in Southport, Manitoba that was petitioned into bankruptcy by its previous owners. The purpose of this acquisition was to ensure the plant did not close and that jobs were maintained. Total share capital of Crocus consists of 100 common shares with a total paid up capital of $100. On June 1, 1997, the Corporation agreed to transfer up to 75 shares of Crocus to the management of Crocus, subject to certain terms and conditions. Subsequently, the Corporation transferred 25 common shares of Crocus to management under the terms of this agreement. Crocus has been accounted for as a temporary investment instead of on a fully consolidated basis.

The Corporation holds 684,270 (1999 – 800,000) Class C non-voting preferred shares of C.A.R.E. Corp. The preferred shares are cancellable on an annual basis at the rate of $10.000 for every job held at C.A.R.E. Corp., commencing February 1999. During the year, the Corporation cancelled 115.730 of these shares (1999 - nil). Consistent with the treatment of other similar share capital investments managed for the Province of Manitoba under Part II, an allowance for forgiveness of shares has been taken to fully provide for the amount of the investment at the time of acquisition.

5 Equity

	2000 $	1999 $
Share capital, authorized and issued 100 shares at $10 per share	1,000	1,000
Surplus arising from share capital restructuring	290,426	290,426
Retained earnings	2,727,415	2,563,236
	3,018,841	2,854,662

6 Contingent liability and commitments

During the year the Corporation guaranteed a bank loan in the amount of $500,000 in regard to one of the Manitoba Industrial Opportunities Program investments. As at March 31, 2000, the bank loan outstanding against the guarantee totalled $311,889.

Commitments and undisbursed balances of approved loans under Part II

	2000 $	1999 $
Manitoba Industrial Opportunities Program	17,396,845	17,174,000
Canada – Manitoba Economic Development Partnership	1,734,189	-
Manitoba Science & Technology Fund	2,425,250	-
Renaissance Fund	3,000,000	-
Vision Capital Fund	2,681,013	5,571,013
Manitoba Capital Fund	636,800	636,800
	27,874,097	23,381,813

7 Financial instruments

The carrying amounts of short-term financial assets and liabilities are a reasonable estimate of the fair value because of the short maturity of those instruments.

The financial risk is the risk to the Corporation's Part I earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. Because Part II activities are directed by the Province of Manitoba, any exposure for these financial assets and liabilities to interest rate fluctuations or changes to their fair value would be borne by the Province. Credit risk relating to the realization of assets managed for the Province of Manitoba under Part II is borne by the Province.

8 Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.

AUDITOR'S REPORT

To the Board of Directors
Manitoba Film and Sound Recording Development Corporation

We have audited the balance sheets of Manitoba Film and Sound Recording Development Corporation as at March 31, 2000 and at March 31, 1999 and the statements of revenues and expenditures and cash flows for the year ended March 31, 2000 and the seven month period ended March 31, 1999. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and March 31, 1999 and the results of its operations and cash flows for the year ended March 31, 2000 and the seven month period ended March 31, 1999 in accordance with generally accepted accounting principles.

Meyers Norris Penny

May 26, 2000 Chartered Accountants

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

BALANCE SHEET
MARCH 31, 2000

	2000	1999 (Restated)
ASSETS		
CURRENT		
Cash (Note 3)	$ 508,897	$ 740,277
Note receivable (Note 4)	250,000	274,102
Accounts receivable	16,251	11,032
Prepaid expenses	26,816	10,567
Inventory	8,037	-
	810,001	1,035,978
NOTE RECEIVABLE (Note 4)	150,000	250,000
CAPITAL ASSETS (Note 5)	93,547	17,015
	$1,053,548	$1,302,993
LIABILITIES		
CURRENT		
Accounts payable	$ 39,662	28,392
Current portion of long-term debt	250,000	274,102
Carry-over commitments(Note 6)	299,008	435,267
	588,670	737,761
LONG-TERM DEBT (Note 7)	150,000	250,000
	738,670	987,761
FORWARD COMMITMENTS (Note 8)		
SURPLUS		
Surplus Transferred, as previously stated	-	1,016,441
Adjustment to Surplus Transferred (Note 6)	-	(1,016,111)
Adjusted Surplus Transferred	-	330
Surplus, beginning of year, as previously stated	750,499	-
Restatement, due to change in accounting policy (Note 6)	(435,267)	-
Surplus, beginning of year, as restated	315,232	-
Excess (deficiency) of revenues over expenditures	(354)	314,902
Surplus, end of year	314,878	315,232
	$1,053,548	$1,302,993

ON BEHALF OF THE BOARD:

Director

Director

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2000

	Year ended March 31, 2000	7 Months ended March 31, 1999 (Restated)
REVENUES		
Provincial Government funding	$2,013,900	$ 853,900
Interest income	36,113	28,502
Program recoupments	155,731	62,760
Other provincial funding	5,000	-
Miscellaneous	2,330	-
	2,213,074	945,162
EXPENDITURES		
Film & Television Programs Funding:		
Film Development Production	82,759	8,100
Film Production Financing Program	1,063,637	114,910
Film & Video Product Marketing Support Program	2,604	868
	1,149,000	123,878
Sound Programs Funding:		
Sound Recording Production Fund	78,712	31,815
Demo Recording Fund	26,128	2,203
Music Video Fund	13,024	16,323
Record Product Marketing Support Program	23,022	5,396
Recording Artist Touring Support Program	26,184	1,552
	167,070	57,289
Miscellaneous:		
Film:		
Industry Associations/Co-operatives	60,000	25,000
Sponsorships	22,350	8,000
Marketing	8,000	-
Professional Development	39,500	550
	129,850	33,550
Sound Recording:		
Sponsorships	34,500	7,900
Marketing	6,858	8,864
Professional Development	38,843	25,938
	80,201	42,702
Locations	248,107	127,319
Administrative - Salaries	242,537	143,643
- Operating	196,663	101,879
	2,213,428	630,260
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (354)	$ 314,902

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2000

	Year ended March 31, 2000	7 Months ended March 31, 1999 (Restated)
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	$ (354)	$ 314,902
Amortization	11,281	1,873
Loss on disposal	6,788	-
Carry-over commitments expensed	1,503,232	257,419
Payments on outstanding carry-over commitment	(1,639,491)	(838,263)
Accounts receivable	(5,219)	11,318
Prepaid expenses	(16,249)	(4,971)
Inventory	(8,037)	-
Accounts payable	11,270	(5,975)
	(136,779)	(263,697)
INVESTING ACTIVITIES		
Additions to capital assets	(94,601)	(2,239)
Repayment of special loans	(150,000)	70,000
Repayment of loan receivable	274,102	120,000
	29,501	187,761
FINANCING ACTIVITIES		
Repayment of long-term debt	(274,102)	(70,000)
Cash transferred from predecessor	-	886,213
	(124,102)	816,213
INCREASE (DECREASE) IN CASH FLOWS	(231,380)	740,277
CASH, BEGINNING OF PERIOD	740,277	-
CASH, END OF PERIOD	$ 508,897	$ 740,277

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2000

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1. NATURE OF BUSINESS

Manitoba Film and Sound Recording Development Corporation (the "Corporation") is a statutory corporation created by the Province of Manitoba through *The Manitoba Film and Sound Development Recording Development Corporation Act*. The chief objective of the Corporation is to foster growth of the Manitoba film and sound recording industries by providing financial and other assistance.

As of September 1, 1998, all activities, assets and liabilities and material contracts were transferred from Manitoba Film & Sound Development Corporation to the Corporation. The Contribution Agreement, dated September 2, 1994, between the Province of Manitoba, Department of Culture, Heritage and Citizenship (CHC), and Manitoba Film & Sound Development Corporation was transferred and assigned to the Corporation. The Contribution Agreement was extended for one year, and expired March 31, 2000. As of April 1, 2000, the Corporation will be funded by Culture, Heritage & Tourism, pursuant to allocations determined in accordance with the customary annual budgetary process of the Government of Manitoba.

The Corporation has been designated by the Minister of Finance to administer the Manitoba Film & Video Production Tax Credit Program, including registration of productions and review of tax credit applications.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

REVENUE RECOGNITION

Any recovery of principal or return on investment of programs funded is recorded as program recoupments, when received.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. The annual rates are as follows:

Computer hardware	30%
Furniture	20%
Leasehold improvements	5%
Equipment	20%

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Amortization of capital assets is provided based on the Corporation's estimated useful lives of those assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. CASH

Cash on deposit earns monthly interest at the Chartered Bank's commercial rates.

4. NOTES RECEIVABLE

Notes receivable, advanced under the "Special Loan" fund, are required to be repaid.

	2000	1999
Term loan bearing interest at 7.625%, interest payments due monthly, and principal balance due on June 1, 2002, secured by an assignment of film tax credits	150,000	-
Term loan bearing interest at 6.375%, interest payable monthly And principal balance due April 15, 2000, secured by an assignment of film tax credits	250,000	250,000
Term loan bearing interest at 6.375%, interest payments due monthly, and principal balance due May 15, 1999, secured by an assignment of film tax credits	-	274,102
	400,000	524,102
Less: Current portion	250,000	274,102
	$ 150,000	$ 250,000

5. CAPITAL ASSETS

	2000			1999
	Costs	Accumulated Amortization	Net Book Value	Net Book Value
Website	$ 3,735	$ -	$ 3,735	$ -
Computer equipment	30,187	6,746	23,441	4,338
Furniture	32,101	4,473	27,628	6,161
Leasehold improvements	38,597	1,376	37,221	5,000
Equipment	2,080	558	1,522	1,516
	$ 106,700	$ 13,153	$ 93,547	$ 17,015

6. CARRY-OVER COMMITMENTS

During the year the Corporation adopted the method of accounting for carry-over committed funds as expenditures in the year in which the funds are committed. As a result, the Corporation had a change in accounting policy for carry-over commitments.

This change in accounting policy has been applied retroactively. As a result, due to the recording of program expenditures made in the period September1, 1998 to March 31, 1999 that were committed prior to September 1, 1998, a restatement of $1,016,111 has been recognized as at September 1, 1998. This amount has been applied against Surplus transferred from the predecessor corporation, Manitoba Film & Sound Development Corporation.

Due to lead times required to obtain all the resources necessary to complete film, video and audio productions, the Corporation approves applications for funding which may not be disbursed until subsequent fiscal periods.

	Year of Commitment				Total	
	99/00	98/99	97/98	96/97	2000	1999
Film						
Film development	$ 6,816	$ 650	$ -	$ -	$ 7,466	$ -
Film production	187,117	43,225	-	-	230,342	352,060
Film & video marketing	-	174	-	-	174	2,674
Discretionary film	21,325	-	-	-	21,325	19,359
	215,258	44,049	-	-	259,307	374,093
Sound						
Sound recording	19,500	-	4,374	746	24,620	47,476
Demo recording	2,880	120	-	-	3,000	3,240
Audio marketing	3,030	3,962	-	-	6,992	3,538
Sound touring	200	-	-	-	200	300
Music video production	500	-	-	-	500	6,620
Discretionary sound	4,139	120	130	-	4,389	-
	30,249	4,202	4,504	746	39,701	61,174
Total Commitments	$ 245,507	$ 48,251	$ 4,504	$ 746	$ 299,008	$ 435,267

7. LONG-TERM DEBT

	2000	1999
Term loan bearing interest at 6.625%, interest payments due semi-annually and principal balance due June 1, 2002	$150,000	$ -
Term loan bearing interest at 5.375%, interest payable semi-annually and principal balance due April 15, 2000	250,000	250,000
Term loan bearing interest at 5.375% interest payable Semi-annually and principal balance due May 15, 1999	-	274,102
	400,000	524,102
Less: Current portion	250,000	274,102
	$150,000	$250,000

Long-term debt is secured by notes receivable, which are detailed in Note 4.

8. FORWARD COMMITMENTS

Due to the demand for funding of film, video and audio productions, the Corporation approves applications for funding which will not be disbursed until subsequent fiscal periods.

As at March 31, 2000, the Corporation had forward commitments into the next fiscal period of $478,152.

9. LEASE COMMITMENTS

The Corporation has entered into various lease agreements with minimum annual payments as follows:

2001	60,057
2002	60,057
2003	60,057
2004	60,057
2005	2,094

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates are processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the entity, including those related to customers, suppliers or other third parties, have been fully resolved.

11. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Office of the Provincial Auditor
500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Trustees of The Manitoba Foundation

We have audited the balance sheet of The Manitoba Foundation as at March 31, 2000 and the statement of income and expenditure for the year then ended. These financial statements are the responsibility of the Foundation's Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Manitoba Foundation as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRMacBeth

Winnipeg, Manitoba
September 22, 2000

Greg MacBeth, CA
for the Provincial Auditor

THE MANITOBA FOUNDATION
BALANCE SHEET

As At March 31, 2000
(with comparative figures for March 31, 1999)

	2000 $	1999 $
ASSETS		
Funds on deposit with the Minister of Finance	10	10
FUND BALANCE		
Fund balance	10	10

THE MANITOBA FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended March 31, 2000
(with comparative figures for the year
ended March 31,1999)

	2000 $	1999 $
INCOME:		
Interest and other income	0	15
EXPENDITURE:		
Administrative expenditures	0	5
EXCESS OF INCOME OVER EXPENDITURE	0	10
FUND BALANCE AT BEGINNING OF YEAR	10	0
FUND BALANCE AT END OF YEAR	10	10

APPROVED BY THE BOARD:

Trustee
Trustee

THE MANITOBA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

I. INCORPORATION AND FUNCTION

The Manitoba Foundation was established by The Manitoba Foundation Act which was proclaimed on November 22, 1993.

The Manitoba Foundation meets the requirement of Crown Agency status within the meaning of the Income Tax Act, and as such can receive gifts to Her Majesty in right of Manitoba and issue official receipts for income tax purposes.

The Foundation is intended to act as a conduit, for the transfer of gifts received, to institutions which are registered charities and are designated by the Lieutenant Governor in Council in the Regulations under The Manitoba Foundation Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The Foundation financial statements are prepared in accordance with generally accepted accounting principles.

3. GIFTS POLICY AND WITHHOLDINGS FOR ADMINISTRATIVE EXPENSES

Gifts to the Foundation must have a value of not less than $10,000 and the transfer of these properties must be voluntary.

The Trustees of the Foundation are entitled to cover their administrative costs from the property and earnings of the fund and have adopted a withholding policy for this purpose. The full amount of the gift is the amount that qualifies for the purposes of an official tax receipt.

The Trustees will review the fund balance and intend to transfer any excess amount withheld to the designated institution(s) on a pro rata basis.

4. SERVICES PROVIDED BY THE PROVINCE

The Province of Manitoba provides administrative support services at no charge to the Foundation. The full costs of these services are nominal in amount.

5. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

Wawanesa Building
5th Floor 191 Broadway
Winnipeg Manitoba Canada R3C 3T8
Telephone (204) 956-7200
Telefax (204) 926-7201

Auditors' Report

To the Members of
MANITOBA GAMING CONTROL COMMISSION

We have audited the balance sheet of **MANITOBA GAMING CONTROL COMMISSION** as at March 31, 2000 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 25, 2000

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario

MANITOBA GAMING CONTROL COMMISSION
Balance Sheet

March 31	2000	1999
Assets		
Current Assets		
Cash	$ 210,911	$ 195,390
Short-term investments	2,167,588	1,615,617
Accounts receivable	170,900	176,875
	2,549,399	1,987,882
Capital assets (Note 1)	464,160	428,173
	$ 3,013,559	$ 2,416,055
Liabilities and Surplus		
Current Liabilities		
Accounts payable and accrued liabilities	$ 447,258	$ 505,499
Deferred revenue (Note 2)	1,176,585	1,081,425
	1,623,843	1,586,924
Deferred lease inducements (Note 4)	79,625	90,125
	1,703,468	1,677,049
Surplus	1,310,091	739,006
	$ 3,013,559	$ 2,416,055

On behalf of the Board:

_______________ Director

_______________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA GAMING CONTROL COMMISSION
Statement of Operations and Surplus

For the year ended March 31	2000	1999
Revenue		
Registration fees	$ 2,119,313	$ 2,000,694
License fees	1,396,958	1,367,682
	3,516,271	3,368,376
Expenses		
Salaries and benefits	2,160,195	1,931,468
Other	141,714	145,504
Transportation	134,123	115,064
Rent	127,356	136,215
Amortization	113,533	60,459
Legal and professional fees	105,742	115,406
Communications	82,424	87,975
Supplies and services	77,497	71,186
Accommodations	42,625	33,541
Commission Board	37,678	80,222
Interest expense	-	117
	3,022,887	2,777,157
Income before other items	493,384	591,219
Other Items		
Other income	14,641	230
Interest income	63,060	36,885
	77,701	37,115
Excess of revenue for the year	571,085	628,334
Surplus, beginning of year	739,006	110,672
Surplus, end of year	$ 1,310,091	$ 739,006

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA GAMING CONTROL COMMISSION
Statement of Cash Flows

For the year ended March 31	2000	1999
Cash Flows from Operating Activities		
Excess of revenue for the year	$ 571,085	$ 628,334
Items not involving cash		
Amortization of capital assets	116,242	62,009
	687,327	690,343
Changes in non-cash working capital balances		
Accounts receivable	5,975	(133,991)
Accounts payable and accrued liabilities	(58,241)	260,949
Deferred revenue	95,160	4,081
	730,221	821,382
Cash Flows from Investing Activities		
Purchase of capital assets	(152,229)	(114,403)
Cash Flows from Financing Activities		
Deferred lease inducements	(10,500)	43,250
Increase in cash and cash equivalents during the year	567,492	750,229
Cash and cash equivalents, beginning of year	1,811,007	1,060,778
Cash and cash equivalents, end of year	$ 2,378,499	$ 1,811,007
Represented by		
Cash	$ 210,911	$ 195,390
Short-term investments	2,167,588	1,615,617
	$ 2,378,499	$ 1,811,007

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA GAMING CONTROL COMMISSION
Summary of Significant Accounting Policies

March 31, 2000

Nature of Business

The Manitoba Gaming Control Commission was established by The Gaming Control Act. The organization's objectives are to regulate and control gaming activity in the province with the aims of ensuring that gaming activity is conducted honestly, with integrity and in the public interest. The organization began its operations on October 20, 1997.

Financial Instruments

The organization's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Equipment	20 % declining balance basis
Furniture and fixtures	10 % declining balance basis
Computer equipment	30 % declining balance basis

Revenue Recognition

Revenue and expenses are recorded on an accrual basis except for license fee revenue, which is recognized on a cash receipt basis.

1. Capital Assets

			2000	1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 54,608	$ 16,927	$ 37,681	$ 30,084
Furniture and fixtures	294,305	62,021	232,284	226,602
Computer equipment	308,529	114,334	194,195	171,487
	$ 657,442	$ 193,282	$ 464,160	$ 428,173

2. Deferred Revenue

Deferred revenue consists of registration fees received to be recognized as revenue in the year in which the related expenses are incurred.

3. Commitments

The organization has an operating lease for its premises at $12,094 per month, under a lease expiring in 2007.

The minimum annual lease payments for the next five years are as follows:

2001	$ 145,125
2002	145,125
2003	145,125
2004	145,125
2005	145,125

4. Deferred Lease Inducements

The organization has received lease inducements in the form of a rent-free period of approximately ten months. The benefits arising from these lease inducements are amortized over the term of the lease on a straight-line basis as reductions of rental expense. Rental expense has been reduced by $10,500 for the period ending March 31, 2000 ($10,500 in 1999) and an annual reduction in rental expense of approximately $10,500 is expected for the years 2001 through 2007.

5. Economic Dependence

A substantial portion of the organization's total revenue is derived from Manitoba Lotteries Corporation in the form of registration fees.

6. Pension Plans

Current service contributions are recognized as operating expenses. The organization participates on a fully funded basis and its contributions of $57,229 ($48,472 in 1999) represent the total contributions for the year.

7. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the organization, including those related to customers, suppliers, or other third parties, will be fully resolved.

8. Subsequent Event

The province of Manitoba requested the Manitoba Gaming Control Commission to transfer $315,000 to the Consolidated Fund subsequent to the year end.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba,
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Habitat Heritage Corporation

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2000 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
June 2, 2000

Susan E. Hay, CA
for the Provincial Auditor

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2000
(with comparative figures for 1999)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program (Note 10)	Capital Assets	2000	1999
ASSETS						
Current						
Cash	$64,956	$94,426	$30,673		$190,055	$109,849
Funds on deposit with Province of Manitoba	237,715		340,074		577,789	472,191
Accounts Receivable						
Government of Canada		13,757	41,800		55,557	7,180
Province of Manitoba	961	5,000	27,538		33,499	291,524
Other	71,684	2,022			73,706	14,934
Due from Manitoba Agro Woodlot Program	5,757				5,757	3,855
Due from Green Banks Program	19,949				19,949	9,332
Prepaid expenses	26,471	592			27,063	28,301
	427,493	115,797	440,085		983,375	937,166
Accounts receivable						25,000
Capital assets (Note 3)				$1,219,781	1,219,781	1,001,210
					2,203,156	1,963,376
Trust assets (Notes 7a and 7b)					720,370	821,016
	$427,493	$115,797	$440,085	$1,219,781	$2,923,526	$2,784,392
LIABILITIES						
Current						
Accounts payable and accrued liabilities	$141,617	$33,713	$4,000		$179,330	$132,380
Due to North American Waterfowl Management Plan		5,757	19,949		25,706	13,187
	141,617	39,470	23,949		205,036	145,567
Deferred contributions (Note 4)	285,876	76,327	416,136		778,339	816,599
Fund balances						
Invested in Capital Assets				$1,219,781	1,219,781	1,001,210
					2,203,156	1,963,376
Trust liabilities (Notes 7a and 7b)					720,370	821,016
	$427,493	$115,797	$440,085	$1,219,781	$2,923,526	$2,784,392

Commitments (Note 5)

On behalf of the Board:

Director

Director

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances for the year ended March 31, 2000 (with comparative figures for 1999)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2000	1999
REVENUE						
Federal Government Contributions	$235,000	$22,719	$41,800		$299,519	$267,100
Province of Manitoba Contributions	667,616	308,767	30,276		1,006,659	894,123
Contributed Services, Province of Manitoba	70,294	76,106	12,570		158,970	171,366
Donations	388	–	–		388	1,216
Interest Income	13,748	5,568	16,096		35,412	23,123
Other	170,249	20,299	12,775		203,323	90,438
Management Fees (Note 8)	65,171	632	–		65,803	48,200
	1,222,466	434,091	113,517	–	1,770,074	1,495,726
EXPENSES						
Amortization of Capital Assets				$34,358	34,358	36,791
Service Delivery – NAWMP	1,113,869				1,113,869	977,868
– MAWP		427,055			427,055	416,184
– Green Banks			113,517		113,517	80,995
	1,113,869	427,055	113,517	34,358	1,688,799	1,511,838
Excess (Deficiency) of Revenue over Expenses	108,597	7,036	–	(34,358)	81,275	(16,112)
Fund Balances, beginning of year	–	–	–	1,001,210	1,001,210	950,222
Donated land (Note 2b)				137,296	137,296	67,100
Interfund Transfers	(108,597)	(7,036)	–	115,633	–	–
Fund Balances, end of year	$ –	$ –	$ –	$1,219,781	$1,219,781	$1,001,210

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows for the year ended March 31, 2000
(with comparative figures for 1999)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2000	1999
Cash from operating activities						
Excess (deficiency) of revenue over expenses	$108,597	$7,036	–	$(34,358)	$81,275	$(16,112)
Amortization of capital assets				34,358	34,358	36,791
Net change in non–cash working capital	(34,593)	48,237	210,420		224,064	(156,075)
Increase (decrease) in deferred contributions	(22,617)	14,633	(30,276)		(38,260)	363,123
Net cash generated through operating activities	51,387	69,906	180,144	–	301,437	227,727
Financing and investing activities						
Purchase of capital assets	–	–	–	(115,633)	(115,633)	(20,679)
Interfund Transfers	(108,597)	(7,036)	–	115,633	–	–
Net increase (decrease) in cash	(57,210)	62,870	180,144	–	185,804	207,048
Cash and funds on deposit with Province of Manitoba, beginning of year	359,881	31,556	190,603	–	582,040	374,992
Cash and funds on deposit with Province of Manitoba, end of year	$302,671	$94,426	$370,747	$ –	$767,844	$582,040

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (MHHC) was established in 1986 as a Crown Corporation under *The Manitoba Habitat Heritage Act*. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations thereof. Donations to the Corporation are tax deductible by the donor pursuant to *The Income Tax Act*, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba. Schedule 1 reports only those monies expended through the accounts of the Corporation for NAWMP.

b) The Manitoba Agro Woodlot Program (MAWP)

On May 7, 1992 the Corporation signed a memorandum of agreement with Manitoba Department of Natural Resources to deliver the Manitoba Agro Woodlot Program in Southwestern Manitoba. Schedule 2 reports only those monies expended through the accounts of the Corporation for MAWP. A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) The Green Banks Program

In January, 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. Schedule 3 reports only those monies expended through the accounts of the Corporation for the Green Banks Program. A management fee is charged by the Corporation for services provided by NAWMP and MAWP to this program.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are:

a) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred.

The Capital Asset Fund reports the assets and related amortization of the Corporation's capital assets.

Interest income earned on restricted funds' resources is recognized as revenue of the related restricted fund.

Management fees are recognized as revenue in the year the service is provided.

b) Capital Assets

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair value at the date the asset is donated.

Amortization of capital assets is recorded on a straight-line basis over the estimated useful life of the capital asset at the rates indicated below. Amortization expense is recorded in the capital asset fund.

Computer hardware	–	20%
Computer software	–	33%
Equipment	–	10%
Furniture and fixtures	–	10%

c) Contributed Services

Services are contributed by the Wildlife and Forestry Branches of Manitoba Conservation and the Department of Intergovernmental Affairs. Contributed services are recorded at cost which is fair value.

d) Funds on Deposit with Province of Manitoba

Funds on deposit are recorded at cost which approximates market. All funds on deposit have terms of 90 days or less.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
			2000	1999
Land and Land use rights	$1,118,580	$ –	$1,118,580	$906,083
Computer hardware	126,693	78,555	48,138	46,438
Computer software	18,469	7,500	10,969	2,516
Equipment	69,155	39,919	29,236	29,876
Furniture & fixtures	55,404	42,546	12,858	6,297
Total capital assets	$1,388,301	$168,520	$1,219,781	$1,001,210

4. Deferred Contributions

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods. Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWHP	NAWP	GREEN BANKS	2000	1999
Beginning balance	$308,493	$61,694	$446,412	$816,599	$453,477
Less amount recognized as revenue	(22,617)	–	(30,276)	(52,893)	(50,033)
Add revenue received and deferred	–	14,633	–	14,633	413,155
Ending balance	$285,876	$76,327	$416,136	$778,339	$816,599

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements
March 31, 2000

5. Commitments

a) The Corporation leases land for wildlife habitat under NAWMP. Each lease is subject to the condition that sufficient funds are appropriated by the Province of Manitoba. The future minimum lease payments in the aggregate and for each of the five succeeding years are:

2001	$54,587
2002	27,184
2003	16,094
2004	11,528
2005	9,909
	119,302
Beyond 2005	7,518
Aggregate	$126,820

b) Pursuant to an agreement signed subsequent to year end, the Corporation contributes to the operating costs of two field offices under NAWMP and leases space under an existing lease in one field office also under NAWMP. The Corporation's minimum payment in 2001 is $29,620.

c) The Corporation leases vehicles and office equipment under NAWMP and MAWP. The future minimum lease payments in the aggregate and for each of the four succeeding years are:

2001	$19,287
2002	18,490
2003	9,566
2004	534
Aggregate	$47,877

d) Subsequent to year end the Corporation negotiated a lease for the Winnipeg office for a three year term expiring on March 31, 2003 at an annual base rent of $16,023 in 2001 and $24,035 in each of the following two years.

e) At March 31, 2000 the Green Banks Program included several projects in progress. Remaining commitments under these signed agreements total approximately $41,500.

Notes to Financial Statements
March 31, 2000

6. Employee Pension Plan

Under the terms of the Corporation's pension plan, employee contributions are matched by the Corporation on a current basis. As a result, there are no unfunded liabilities and no outstanding corporate obligations.

7. Trust Assets/Liabilities

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation is one of seven parties in CWHP. A Steering Committee, consisting of a representative of each party, provides overall program direction.

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP's funds designated to the Corporation including funds of the Manitoba Forestry/Wildlife Management Project (MFWMP). A management fee is charged by the Corporation for the services provided by NAWMP. Disbursements are made at the direction of the Steering Committee. Grants from the Province of Manitoba flow through the Corporation to this program.

Trust assets held by MHHC on behalf of this program include:

	2000	1999
Land portfolio	$593,280	$708,676
Cash – CWHP	46,133	39,791
Cash – MFWMP	23,121	22,851
	$662,534	$771,318

b) Manitoba Model Forest Inc. (MBMF)

On March 31, 1997 the Corporation entered into a one year agreement with MBMF to provide banking and financial services to this program. The agreement was subsequently extended for a further period of two years until March 31, 2000. Disbursements are made at the direction of the General Manager of MBMF. A management fee is charged by the Corporation for the services provided by NAWMP.

Trust assets held by MHHC on behalf of this program include:

	2000	1999
Cash	$57,836	$49,698

8. Management Fees

The Corporation charges for services provided by NAWMP and MAWP to other programs as follows:

	2000	1999
NAWMP		
NAWP ($17,762 + $1,984)	$19,746	$17,460
Green Banks Program	42,501	27,446
CWMP	2,424	2,751
MFWMP	–	123
MBMF	500	500
	$65,171	$48,280
MAWP		
Green Banks Program	632	–
	$65,803	$48,280

9. Economic Dependence

MHHC is economically dependent on the Province of Manitoba to provide the majority of funding.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements
March 31, 2000

10. Subsequent Event

Subsequent to year end the Provincial Government requested the return of $200,000 of Sustainable Development Innovation Fund monies granted to the Green Banks Program in 1998/99. $25,000 of this amount will be netted against accounts receivable.

11. Public Sector Compensation Disclosure

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totalled $5,608 (1999 - $8,448). In addition, one contract employee, T. Sopuck, Communications Manager, received $54,643 (1999 - $52,631) in the fiscal year.

THE MANITOBA HABITAT HERITAGE CORPORATION
NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule 1

Schedule of Expenses for the year ended March 31, 2000 (Note 1a)
(with comparative figures for 1999)

	2000	1999
EXPENSES		
Habitat activities		
Salaries and benefits	$325,309	$268,414
Field office operations	70,529	62,633
Staff support	63,238	81,764
Nest baskets	41,098	39,491
Land leases	76,280	93,325
Flatland dams	–	3,945
Habitat development	25,889	17,768
Taxes	13,693	11,646
	616,036	578,986
Evaluation	60,090	23,000
Communications		
Salaries and benefits	71,258	65,972
Program delivery	45,236	23,161
	116,494	89,133
Program coordination		
Salaries and benefits	177,137	136,116
Rent	42,541	42,349
Office	37,140	37,945
Other	27,258	29,439
Professional fees	15,058	12,019
Board meetings and remuneration	10,598	14,302
Travel	11,517	14,579
	321,249	286,749
TOTAL EXPENSES	$1,113,869	$977,868

THE MANITOBA HABITAT HERITAGE CORPORATION
MANITOBA AGRO WOODLOT PROGRAM

Schedule 2

Schedule of Expenses for the year ended March 31, 2000 (Note 1b)
(with comparative figures for 1999)

	2000	1999
EXPENSES		
Habitat activities		
Salaries and benefits	$237,226	$228,979
Incentives	22,432	41,645
Special projects	7,335	–
Travel	52,787	41,106
Office	29,380	29,186
Management fees (Note 8)	17,762	16,192
Rent	15,912	16,310
Other	17,484	17,537
Professional fees	473	3,070
Training workshops	12,423	12,176
	413,214	406,201
Communications		
Management fees (Note 8)	1,984	1,268
Program delivery	11,857	8,715
	13,841	9,983
TOTAL EXPENSES	$427,055	$416,184

THE MANITOBA HABITAT HERITAGE CORPORATION
GREEN BANKS PROGRAM

Schedule 3

Schedule of Expenses for the year ended March 31, 2000 (Note 1c)
(with comparative figures for 1999)

	2000	1999
EXPENSES		
Management fees (Note 8)	$43,133	$27,446
Reconnaissance and delivery	12,570	13,456
Managed grazing systems	35,606	17,827
Other	22,208	22,266
TOTAL EXPENSES	$113,517	$80,995

DAY & STOKOTELNY

CHARTERED ACCOUNTANTS
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June 22, 2000

AUDITORS' REPORT

To the Legislative Assembly of Manitoba:

We have audited the statement of financial position of **The Manitoba Health Research Council** as at March 31, 2000 and the statements of revenue, expenditures and fund balances and changes in cash flows for the year then ended. These financial statements are the responsibility of Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Manitoba Research Council as at March 31, 2000, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Day & Stokotelny

Chartered Accountants

THE MANITOBA HEALTH RESEARCH COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31	2000	1999
ASSETS		
Current		
Cash	$ 4,648	$ 56,752
Short term investments (market value $908,528; 1999 - $1,095,092)	858,608	1,017,598
Accrued interest receivable	40,279	79,321
Accounts receivable	9,313	336
Deposits	500	500
	913,348	1,154,507
Capital assets, at cost (note 2)		
Office equipment	6,375	6,375
Computer equipment	2,515	2,515
	8,890	8,890
Less: Accumulated amortization	(2,489)	(889)
	6,401	8,001
	$ 919,749	$ 1,162,508
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 6,433	$ 4,300
Research grants payable	142,711	595,198
	149,144	599,498
Non-current research grants payable	42,000	18,250
	191,144	617,748
FUND BALANCES		
Research Fund	314,417	110,454
Strategic Health Research Development Fund	414,188	434,306
Total fund balances	728,605	544,760
	$ 919,749	$ 1,162,508

THE MANITOBA HEALTH RESEARCH COUNCIL

STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES

YEAR ENDED MARCH 31, 2000

	Research Fund	Strategic Health Research Development Fund	2000 Total	1999 Total
REVENUE				
Province of Manitoba – Grant	$ 1,752,600	$ -	$ 1,752,600	$ 1,752,600
Grants returned / rescinded	190,144	126,551	316,695	372,857
Interest	30,236	18,531	48,767	98,243
	1,972,980	145,082	2,118,062	2,223,700
EXPENDITURES				
Personnel awards	794,528	-	794,528	708,985
Research grants	778,200	132,456	910,656	1,146,897
Regional Partnership Awards	119,888	-	119,888	649,548
Administration (schedule)	76,401	32,744	109,145	108,716
	1,769,017	165,200	1,934,217	2,614,146
Excess (deficiency) of revenue over expenditures	203,963	(20,118)	183,845	(390,446)
FUND BALANCES				
Fund balances, beginning	110,454	434,306	544,760	935,206
Fund balances, ending	$ 314,417	$ 414,188	$ 728,605	$ 544,760

THE MANITOBA HEALTH RESEARCH COUNCIL

STATEMENT OF CHANGES IN CASH FLOWS

YEAR ENDED MARCH 31	2000	1999
Operating activities		
Excess (deficiency) of revenue over expenditures	$ 183,845	$ (390,446)
Amortization not requiring a current outlay of funds	1,600	889
Net change in non-cash working capital balances related to operations	(261,299)	665,670
	(75,854)	276,113
Investing activities		
Purchase of capital assets	-	(8,890)
Financing activities		
Increase (decrease) in non-current research grant	23,750	(211,750)
Increase (decrease) in cash during the year	(52,104)	55,473
Cash, beginning of year	56,752	1,279
Cash, end of year	$ 4,648	$ 56,752

THE MANITOBA HEALTH RESEARCH COUNCIL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2000

1 Incorporation and function

The Manitoba Health Research Council was established by The Manitoba Health Research Council Act to promote and assist basic, clinical and applied research in the health sciences in Manitoba. The Council relies entirely on grants from the Province of Manitoba and its agencies. The Manitoba Health Research Council is a registered charity within the meaning of the Income Tax Act.

2 Significant accounting policies

Fund accounting

The Manitoba Health Research Council follows the restricted fund method of accounting for contributions.

The Strategic Health Research Development Fund reports only restricted resources that are used for qualified research and development projects in the health industry sector in Manitoba. Grants awarded to qualified researchers must be matched by private sector grants awarded to those researchers. Grants and awards are recorded as an expenditure in the year the commitment is made regardless of when the grant will be paid out.

The Research Fund reports only restricted resources that are used for research purposes.

Capital assets

Capital assets are amortized at rates and methods designed to write-off the assets over their estimated useful lives as follows:

Office equipment	20% diminishing balance
Computer equipment	20% diminishing balance

Short-term investments

Short-term investments are carried at the lower of cost and market value.

Interest revenue

Interest revenue is allocated proportionately to the Strategic Health Research Development Fund and to the General Fund on the basis of monthly Fund balances.

Research grants

Research grants are charged to expenditures when funding is committed by Council. Research grants returned to or rescinded by the Council are recorded as revenues when received or rescinded.

Personnel Awards

Personnel awards and their renewals are charged to expenditures when funding is approved by Council.

Administration Expenditures

Administration expenditures are allocated 30% to the Strategic Health Research Development Fund and 70% to the Research Fund.

THE MANITOBA HEALTH RESEARCH COUNCIL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2000

3 Future commitments of the Research Fund

The Manitoba Health Research Council has committed grants and awards under the Research Fund as follows:

2001	$ 838,008
2002	80,000
	$ 918,008

Future commitments of the Research Fund are not recorded as an expenditure in the year of commitment. These commitments are conditional on provincial government funding in future years.

4 Related party transactions

Office accommodation is provided at no charge by the University of Manitoba.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council is related to all Province of Manitoba departments and agencies. The Council enters into transactions with these entities in the normal course of business.

5 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

THE MANITOBA HEALTH RESEARCH COUNCIL

Schedule

ADMINSTRATION EXPENDITURES

YEAR ENDED MARCH 31	2000	1999
Amortization	$ 1,600	$ 889
Audit	2,100	1,600
Bank charges	274	110
Council and committee expenses	1,714	5,973
Goods and Services Tax	264	578
Insurance	2,975	3,032
Office maintenance	679	725
Postage and delivery	1,091	483
Printing and stationery	2,903	3,886
Salaries and benefits	94,464	90,328
Telephone	1,081	1,112
	$ 109,145	$ 108,716

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

In accordance with section 7 of The Health Services Insurance Act, we have audited the balance sheet of the Manitoba Health Services Insurance Plan as at March 31, 2000 and the statement of revenue and expenditure, and net assets for the year then ended. These financial statements, which reflect the Plan's health program expenditures for insured services and the funding provided for these programs from the Department of Health appropriations for the Health Services Insurance Fund and Expenditures Related to Capital, have been prepared in accordance with the accounting policies described in note 2. These financial statements are the responsibility of the management of the Department of Health. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the assets, liabilities and net assets of the Manitoba Health Services Insurance Plan as at March 31, 2000 and the revenue and expenditure for the year then ended in accordance with the accounting policies described in note 2.

David Petrie

Winnipeg, Manitoba
June 26, 2000

David Petrie, CA
for the Provincial Auditor

Manitoba Health Services Insurance Plan

Balance Sheet

As At March 31, 2000

ASSETS

	2000	1999
	(thousands of dollars)	
Cash	$ 16,214	$ 8,252
Funds on deposit with the Province of Manitoba	129,946	83,331
Accounts receivable:		
Province of Manitoba	64	7,862
Other Provinces and Territories	8,738	8,452
Other	5,894	1,061
	14,696	17,375
Prepaid expenses	1,309	1,297
Funds held in trust re debenture trust agreements (Note 3)	59,734	50,805
	$221,899	$161,060

LIABILITIES AND NET ASSETS

	2000	1999
	(thousands of dollars)	
Accounts payable and accrued liabilities:		
Health Authorities and Facilities	$ 94,020	$ 58,511
Medical services claims	32,664	18,632
Pharmacare claims	4,931	2,654
General	11,722	6,194
	143,337	85,991
Provision for long term disability benefits (Note 7)	18,028	23,464
Holdbacks relating to debenture trust agreements (Note 3)	59,734	50,805
Net assets	800	800
	$221,899	$161,060

See accompanying notes to financial statements.

Manitoba Health Services Insurance Plan

Statement of Revenue and Expenditure, and Net Assets

For the Year Ended March 31, 2000

	2000	1999
	(thousands of dollars)	
Revenue:		
Grants from the Province of Manitoba	$2,166,178	$1,743,575
Third party recoveries	6,169	6,673
Miscellaneous	29	28
Total revenue	2,172,376	1,750,276
Expenditure:		
Health Authorities and Facilities (Note 2c, 4 and 6)	1,575,576	1,220,774
Medical (Notes 2c, 4 and 5)	444,535	397,035
Provincial programs	66,601	61,610
Pharmacare	85,664	70,830
Manitoba Health Board	–	27
Total expenditure	2,172,376	1,750,276
Revenue over expenditure	–	–
Net assets beginning of year	800	800
Net assets end of year	$ 800	$ 800

See accompanying notes to financial statements.

Manitoba Heath Services Insurance Plan
Notes to the Financial Statements
For the Year ending March 31, 2000

Note 1 - Nature of Operations

The Manitoba Health Services Insurance Plan operates under the authority of the Health Services Insurance Act. The mandate of the Plan is to provide health related insurance for Manitobans by funding the costs of qualified hospital, medical, personal care and other health services. The Plan's financial operations are administered outside of the Provincial Consolidated Fund.

Note 2 - Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting.

b) Administrative and Operating Expenses

The financial statements do not include administrative salaries and operating expenses related to the Plan. These are included in the operating expenses of Manitoba Health.

c) Interprovincial Reciprocal Recoveries

Under interprovincial reciprocal agreements Canadian residents can obtain necessary hospital and medical services while away from their home provinces or territories. Claims for services are subsequently recovered between provincial governments. In order to reflect the cost of insured services to Manitobans, the recoveries attributable to services for non-Manitoba residents are netted against program expenditures.

For the year ended March 31, 2000 the expenditure for Health Authorities and Facilities within the Province, of $1,575,576,000 (1999 - $1,220,774,000) is net of reciprocal recoveries of $26,142,000 (1999 - $27,834,000). The expenditure for Medical program of $444,535,000 (1999 - $397,035,000) is net of reciprocal recoveries of $7,171,000 (1999 - $6,487,000).

d) Vacation Pay - Health Care Facilities

Under current funding arrangements with Health Authorities and Facilities, the Manitoba Health Services Insurance Plan does not fund or record the cost of annual vacation leave earned by employees of health care facilities until the year vacations are taken. The accrued vacation pay liability recorded by health care facilities in their financial statements as at March 31, 2000 is approximately $70,000,000 (1999 - $61,800,000).

Note 3 - Funds Held in Trust re Debenture Trust Agreements

	2000	1999
	(thousands of dollars)	
Government of the Province of Manitoba	$41,824	$32,895
Government of the Province of B.C. – Bonds	17,910	17,910
	$59,734	$50,805

These funds are used for debt servicing related to the debentures referred to in Note 6, including any required sinking fund payments.

Manitoba Heath Services Insurance Plan

Notes to the Financial Statements

For the Year ending March 31, 2000

Note 4 – Regional Health Authorities

The following table summarizes payments to the Health Authorities. These payments are included in the financial statements in the expenditure categories of Health Authorities and Facilities and Medical.

The Winnipeg Regional Health Authority commenced operations on December 1, 1999. The Winnipeg Regional Health Authority consists of the former Winnipeg Hospital Authority and the Winnipeg Community and Long Term Care Authority.

Regional Health Authority	2000 Facilities (000's)	2000 Medical (000's)	2000 Total (000's)	1999 Total (000's)
Winnipeg	$947,185	$67,974	$1,015,159	$822,091
Brandon	87,196	3,826	91,022	75,299
North Eastman	20,313	1,471	21,784	20,067
South Eastman	31,558	2,357	33,915	30,795
Interlake	49,755	3,356	53,111	48,073
Central	83,808	7,235	91,043	84,115
Marquette	36,278	4,183	40,461	36,918
South Westman	35,173	3,905	39,078	36,531
Parkland	64,756	2,771	67,527	59,728
Norman	28,741	3,645	32,386	32,126
Burntwood	23,980	7,135	31,115	28,149
Churchill	5,098	309	5,407	4,963
Total payments	$1,413,841	$108,167	$1,522,008	$1,278,855

The 1999/2000 payments to Regional Health Authorities include payments for Homecare ($147,043,194) and Community and Mental Health ($100,948,772). Those payments were included in the consolidated fund for the 1998/99 year.

The expenditure category, Health Authorities and Facilities, in the Statement of Revenue and Expenditure and Net assets is comprised of the following:

	2000 (000's)	1999 (000's)
Health Authorities payments (above)	$1,413,841	$1,178,390
Accruals and facilities and third party payments	187,877	70,218
Reciprocal recoveries	(26,142)	(27,834)
Total expenditures	$1,575,576	$1,220,774

The expenditure category, Medical, in the Statement of Revenue and Expenditure and Net assets is comprised of the following:

	2000 (000's)	1999 (000's)
Medical payments and accruals	$322,987	$279,020
Health Authorities payments (above)	108,167	100,465
Other (Note 5)	13,381	17,550
Total expenditures	$444,535	$397,035

Note 5 - Medical

Included in medical expenditures are the following other health service expenditures:

	2000	1999
	(thousands of dollars)	
Optometric	$ 3,781	$ 3,316
Chiropractic	9,600	9,545
Prosthetic and Orthotic	–	4,514
	$13,381	$17,375

The Prosthetic and Orthotic Program was moved from the Medical Program to Provincial Programs in 1999/2000.

Note 6 - Capital Financing

Hospitals and personal care homes obtain financing for capital projects by issuing debentures, or arranging for mortgages or long-term bank loans. The Hospital Capital Financing Authority approves the issue of all securities and assists in obtaining an orderly market for the sale of securities to finance these capital expenditures. This indebtedness is not reflected in the financial statements and is not guaranteed by the Manitoba Health Services Insurance Plan. Funds for the payment of principal and interest related to approved capital debt are included in the Plan's expenditures.

At March 31, 2000, the approved outstanding capital debt of hospitals and personal care homes was $500,650,000 (1999 - $449,624,000) net of accumulated sinking funds of $90,533,000 (1999 - $77,201,000). In addition to the approved outstanding capital debt, lines of credit up to $180,704,000 (1999 - $106,135,000) have been established to finance capital projects in process. On completion of these projects, the borrowings will be converted to long-term debt of the facilities.

Funds for the payment of principal and interest related to approved capital debt are included in the Plan's expenditures. For the year ended March 31, 2000, the amount related to principal and interest payments included in the expenditures for Health Authorities and Facilities was $76,551,719 (1999 - $73,428,836).

Note 7 - Provision for Long Term Disability Benefits

Provision for long-term disability benefits represents the Manitoba Health Services Insurance Plan's share of the estimated future benefits payments of the Manitoba Health Organization Inc. Long Term Disability Insurance Plan for employees of health care facilities covered under the plan.

This amount was established actuarially, as at December 31, 1999, by the insurer of the plan. The amount represents Manitoba Health's share of the estimated cost of future payments to participants, who were on the plan as of March 31, 1999, and continue to receive payments at March 31, 2000. This plan was replaced as of April 1, 1999. When recipients no longer require benefits, they are removed from the plan.

Effective April 1, 1999 a new method of funding long term disability benefits was implemented whereby the Regional Health Authorities are funded 1% of total salaries to cover the costs of the plan. All new claimants subsequent to April 1, 1999 are the responsibility of the Regional Health Authorities and the Healthcare Employees Benefits Plan (HEBP). The costs associated with the funding of this plan are included in the expenditure category of Health Authorities and Facilities.

Note 8 - The Public Sector Compensation Disclosure Act

The Schedule of Payments pursuant to the provisions of The Public Sector Compensation Disclosure Act is included as part of the financial statements.

Note 9 - Comparative Figures

Certain of the 1999 financial statement figures have been restated to be consistent with the 2000 presentation.

Note 10 – Year 2000

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the company, including those related to customers, suppliers or other third parties, have been fully resolved.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Members of The Manitoba Hospital
Capital Financing Authority

We have audited the balance sheet of The Manitoba Hospital Capital Financing Authority as at March 31, 2000 and the statement of income and expenditure for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with the generally accepted accounting principles.

GR MacBeth

Winnipeg, Manitoba
June 19, 2000

Greg R. MacBeth, CA
for the Provincial Auditor

Exhibit A

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Balance Sheet
as at March 31, 2000

ASSETS	2000	1999
Current assets		
Accrued interest	$ 9,256	$ 11,321
Current portion of investments	42,000	42,000
	51,256	53,321
Investments, at cost, Schedule 1	139,000	181,000
	$ 190,256	$ 234,321
LIABILITIES		
Current liabilities		
Accrued debenture interest	$ 9,256	$ 11,321
Current portion of debentures payable, (Note 3)	42,000	42,000
	51,256	53,321
Debentures payable, Schedule 2	139,000	181,000
	$ 190,256	$ 234,321

Exhibit B

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Statement of Income and Expenditure for the year ended March 31, 2000

	2000	1999
Income:		
Interest earned on investments	$ 28,319	$ 41,625
Expenditure:		
Debenture interest	28,319	41,625
	$ 0	$ 0

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Notes to Financial Statements
March 31, 2000

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1. Nature of the Authority

The Manitoba Hospital Capital Financing Authority was established by The Hospital Capital Financing Authority Act in June 1972. The objectives of the Authority are:

i) to approve the issuance of securities for capital expenditure by operators of health care facilities,

ii) to assist such operators by ensuring an orderly market for the sale of securities issued by health care facilities, and

iii) to purchase securities issued by health care facilities with money borrowed by the Authority where the health care facilities could not trade their securities on the open market.

Health care facilities include hospitals, non-profit personal care homes and other designated related service institutions.

2. Accounting Policy

These financial statements have been prepared in accordance with generally accepted accounting principles.

3. Investment and Debentures Payable

The Authority's investments in various health facility debentures are entirely offset by debentures issued by the Authority to Government Agencies.

Principal payments on debentures payable for the next five fiscal years are as follows:

2001	$ 42,000
2002	$ 42,000
2003	$ 42,000
2004	$ 42,000
2005	$ 13,000

4. Financing Approvals

No approvals were granted by the Authority in 1999-00 for the issuance of securities by health care facilities.

5. Services Provided by the Province

The Province of Manitoba provides administrative services at no charge to the Authority.

6. Statement of Cash Flows

These financial statements do not include a Statement of Cash Flows. In the opinion of management, the Statement of Cash Flows does not provide additional disclosure.

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Investments
as at March 31, 2000

	Interest Rate (%)	2000	1999
Serial debentures issued by:			
Selkirk Linen Services Inc.	13.625	$ 181,000	$ 223,000
Total Investments		181,000	223,000
Less: Current portion (Note 3)		42,000	42,000
Investments		$ 139,000	$ 181,000

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Debentures Payable
as at March 31, 2000

Series Number	Interest Rate (%)	Year of Maturity	2000	1999
5A	13.625	Nov. 15, 2000-2004	$ 181,000	$ 223,000
Total debentures payable			181,000	223,000
Less: Current portion (Note 3)			42,000	42,000
Debentures payable			$ 139,000	$ 181,000

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Manitoba Housing and Renewal Corporation as at March 31, 2000 and the statements of operations, The Manitoba Housing and Renewal Fund (Deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

David Petrie

Winnipeg, Manitoba
July 14, 2000

David Petrie, CA
for the Provincial Auditor

THE MANITOBA HOUSING AND RENEWAL CORPORATION
BALANCE SHEET
MARCH 31, 2000
(with comparative figures for 1999)

ASSETS

	2000	1999
Cash (note 4)	$ 73,656,069	$ 35,802,883
Accounts receivable and accruals (note 5)	22,448,931	49,677,268
Loans and mortgages receivable (note 6)	182,636,047	190,917,901
Investment in land and housing:		
Housing projects (note 7)	327,806,811	334,107,113
Housing investment (note 8)	17,540,773	18,557,064
Land development costs (note 9)	681,904	1,083,494
Land (note 10)	12,505,098	14,327,139
	358,534,586	368,074,810
Capital assets (note 11)	-	130,533
	$637,275,633	$644,603,395

LIABILITIES AND FUND BALANCE

	2000	1999
Bank indebtedness of joint venture (note 9)	$ -	$ 309,789
Accounts payable, holdbacks and accruals	26,268,832	23,202,926
Provision for modernization and improvement	26,218,703	29,018,983
Deferred revenue (note 12)	1,977,414	1,718,105
Long-term debt (note 13)	570,894,272	587,704,091
Risk reserve fund (note 25)	12,469,377	12,190,152
Deferred federal contributions (note 14)	16,793,661	6,349,511
The Manitoba Housing and Renewal Fund (Deficit)	(17,346,626)	(15,890,162)
Contingencies (note 24)		
Commitments (note 26)		
Guarantees (note 27)		
	$637,275,633	$644,603,395

Approved by the Board of Directors:

Director

Director

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2000
(with comparative figures for 1999)

	2000	1999
Revenue:		
Grants from the Province of Manitoba (note 16)	$ 38,836,916	$ 37,580,934
Contributed services (notes 2 (l) and 17)	5,107,500	3,458,300
Housing operations		
Rental revenue (Schedule A)	57,502,187	56,710,306
Federal subsidies	21,602,035	24,048,468
Grant for modernization and improvement	-	15,000,000
	79,104,222	95,758,774
Interest:		
Loans and mortgages	18,928,290	19,503,112
Bank and other	163,355	512,086
	19,091,645	20,015,198
Sales of land - joint venture (note 9)	1,109,790	467,962
Other	4,704	311,999
	143,254,777	157,593,167
Expenditures:		
Housing operations (Schedule A)	98,595,693	97,196,287
Rental subsidies (Schedule D)	12,032,719	12,427,697
Provision for modernization and improvement	-	15,000,000
Grants and subsidies (note 20)	7,968,236	5,993,034
Interest expense (note 19)	20,446,494	21,030,076
Administrative services (notes 2 (l) and 17)	2,980,300	2,201,100
Write down of land	1,454,708	-
Co-op HomeStart Program assistance	259,744	314,413
Gain on sale of housing projects	(529,074)	(263,994)
Land expenses	98,899	47,207
Loss (Gain) on sale of land	51,731	(11,759)
Provision for loss on loans and mortgages receivable	56,021	161,570
Cost of land sales - joint venture	790,082	353,074
Other	505,688	480,018
	144,711,241	154,928,723
(Deficiency) excess of revenue over expenditures transferred to The Manitoba Housing and Renewal Fund (Deficit)	$ (1,456,464)	$ 2,664,444

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF THE MANITOBA HOUSING AND RENEWAL FUND (DEFICIT)
YEAR ENDED MARCH 31, 2000
(with comparative figures for 1999)

	2000	1999
Balance at beginning of year	$(15,890,162)	$(18,554,606)
(Deficiency) excess of revenue over expenditure	(1,456,464)	2,664,444
Balance at end of year	$(17,346,626)	$(15,890,162)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2000
(with comparative figures for 1999)

	2000	1999
Cash provided by (used for):		
Operating activities:		
(Deficiency) excess of revenue over expenditure	$(1,456,464)	$ 2,664,444
Add (deduct) items not involving cash:		
Amortization	8,660,581	8,042,094
Loss (Gain) on sale of land	51,731	(11,759)
Provision for loss on loans and mortgages	56,021	161,570
Write down of land	1,454,708	-
Gain on sale of housing projects	(529,074)	(263,994)
Federal subsidies - housing projects	(1,139,716)	(1,109,389)
	7,097,787	9,482,966
Net change in non-cash balances related to operations:		
Accounts receivable and accruals	27,228,337	(13,045,517)
Accounts payable, holdbacks and accruals	3,065,906	(197,682)
Provision for modernization and improvement	(2,800,280)	14,018,983
Deferred revenue	259,309	(204,511)
Deferred federal contributions	10,444,150	6,349,511
Land development costs	401,590	209,870
Land in joint venture	149,716	68,698
Risk Reserve Fund	279,225	12,190,152
	46,125,740	28,872,470
Financing activities:		
Borrowings	86,038	2,108,038
Repayment of borrowings	(16,895,857)	(14,688,000)
	(16,809,819)	(12,579,962)
Investing activities:		
Additions to land and housing	(544,355)	(59,676)
Additions to loans and mortgages	(183,723)	(890,516)
Proceeds from sale of land and housing	1,165,576	1,299,730
Proceeds from repayment of loans and mortgages	8,409,556	6,481,480
	8,847,054	6,831,018
Increase in cash	38,162,975	23,123,526
Cash at beginning of year	35,493,094	12,369,568
Cash at end of year	$73,656,069	$35,493,094
Cash at end of year is comprised of:		
Cash	$73,656,069	$35,802,883
Bank indebtedness of joint venture	-	(309,789)
	$73,656,069	$35,493,094

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
SCHEDULE OF HOUSING OPERATIONS FOR M.H.R.C. OWNED PROPERTIES
YEAR ENDED MARCH 31, 2000
(with comparative total figures for 1999)

	Manitoba Housing Authority Managed (Schedule B)	Sponsor Managed (Schedule C)	2000 Total	1999 Total
Revenue				
Rental revenue	$46,671,540	$10,830,647	$57,502,187	$56,710,306
Expenditure				
Administration (note 17)	11,443,949	1,284,832	12,728,781	10,902,850
Property operating	31,888,310	7,733,998	39,622,308	38,296,031
Grants in lieu of taxes	8,171,169	1,617,780	9,788,949	11,945,551
Amortization and interest	30,425,460	6,030,195	36,455,655	36,051,855
	81,928,888	16,666,805	98,595,693	97,196,287
Operating loss	35,257,348	5,836,158	41,093,506	40,485,981
Less: federal subsidies	17,074,283	3,013,109	20,087,392	23,379,653
Net housing operations	$18,183,065	$2,823,049	$21,006,114	$17,106,328

SCHEDULE B

THE MANITOBA HOUSING AND RENEWAL CORPORATION
SCHEDULE OF MANITOBA HOUSING AUTHORITY HOUSING OPERATIONS
YEAR ENDED MARCH 31, 2000
(with comparative figures for 1999)

	PRE 1986					POST 1985			
	Regular Section 79	Rural and Native Section 79	Urban and Rural Section 82	Public Non Profit Section 95	Other	Rural and Native Section 79	Public Non Profit Section 95	2000 Total	1999 Total
Revenue									
Rental revenue	$2,072,024	$2,121,403	$31,908,738	$3,461,221	$3,696,999	$ 712,831	$2,698,324	$46,671,540	$44,764,093
Expenditure									
Administration (note 17)	566,886	572,377	7,161,096	681,955	1,740,838	180,160	540,637	11,443,949	9,006,588
Property operating	1,655,620	1,178,242	22,464,692	2,373,323	2,420,237	409,724	1,386,472	31,888,310	31,280,748
Grants in lieu of taxes	245,341	382,405	5,745,049	656,863	470,441	127,608	543,462	8,171,169	9,996,600
Amortization and interest	41,455	3,213,719	13,773,760	5,298,458	1,896,707	1,421,317	4,780,044	30,425,460	29,381,942
	2,509,302	5,346,743	49,144,597	9,010,599	6,528,223	2,138,809	7,250,615	81,928,888	79,665,878
Operating loss	$ 437,278	$3,225,340	$17,235,859	$5,549,378	$2,831,224	$1,425,978	$4,552,291	$35,257,348	$34,901,785

SCHEDULE C

THE MANITOBA HOUSING AND RENEWAL CORPORATION
SCHEDULE OF SPONSOR MANAGED HOUSING OPERATIONS
YEAR ENDED MARCH 31, 2000
(with comparative figures for 1999)

	PRE 1986				POST 1985			
	Rural and Native Section 79	Urban and Rural Section 82	Public Non Profit Section 95	Other	Public Non Profit Section 95	Rural and Native Section 79	2000 Total	1999 Total
Revenue								
Rental revenue	$168,447	$ 7,491,589	$ 952,989	$1,467,019	$ 636,965	$113,638	$10,830,647	$11,946,213
Expenditure								
Administration (note 17)	12,100	1,054,180	79,073	72,350	56,322	10,807	1,284,832	1,896,262
Property operating	96,809	5,902,194	523,240	796,686	363,446	51,623	7,733,998	7,015,283
Grants in lieu of taxes	19,815	1,053,553	171,323	256,211	106,834	10,044	1,617,780	1,948,951
Amortization and interest	146,613	3,046,833	1,265,815	421,280	1,003,244	146,410	6,030,195	6,669,913
	275,337	11,056,760	2,039,451	1,546,527	1,529,846	218,884	16,666,805	17,530,409
Operating loss (profit)	$106,890	$ 3,565,171	$1,086,462	$ 79,508	$ 892,881	$105,246	$ 5,836,158	$ 5,584,196

SCHEDULE D

THE MANITOBA HOUSING AND RENEWAL CORPORATION
SCHEDULE OF RENTAL SUBSIDIES
YEAR ENDED MARCH 31, 2000
(with comparative total figures for 1999)

	2000 Total	1999 Total
Private non-profit (Post 1985)		
Net subsidy (note 18)	$ 3,490,088	$ 3,745,851
Rent supplement		
Pre 1986 - Section 82a	1,839,259	2,013,617
- Section 82b	769,878	969,351
	2,609,137	2,982,968
Post 1985 - Section 82	2,017,922	2,245,669
Total rent supplement	4,627,059	5,228,637
Less: federal subsidies	2,721,169	3,072,904
Net subsidy	1,905,890	2,155,733
CMHC units transferred (note 3)		
Rural and Native Program	8,268,209	7,252,433
Urban Native Program	7,390,808	4,478,303
Private Non-Profit Program	5,635,344	3,091,592
Co-operative Non-Profit Program	4,010,847	2,050,516
	25,305,208	16,872,844
Less: federal subsidies	18,668,467	10,346,731
Net subsidy	6,636,741	6,526,113
Total rental subsidies	$12,032,719	$12,427,697

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2000

1. Authority

The Manitoba Housing and Renewal Corporation (MHRC) operates under the authority of The Housing and Renewal Corporation Act, being Chapter H 160 Revised Statutes of Manitoba 1987. The purposes and objects of the Act are:

a) to ensure that there is an adequate supply of housing stock in Manitoba;

b) to enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income and those with specialized needs;

c) to maintain and improve the condition of existing housing stock; and

d) to stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.

MHRC is under the management and control of a Board of Directors appointed by the Lieutenant Governor in Council. The board shall consist of not fewer than five members and not more than 13 members and the Lieutenant Governor in Council may designate one of the members of the board as chairperson and one member as vice-chairperson.

The Corporation is economically dependent on the Government of the Province of Manitoba.

These financial statements include, in Schedule B, the operating results of MHRC owned properties which are managed by The Manitoba Housing Authority (MHA). MHA was incorporated in 1992 as an agency of MHRC.

MHA is under the management and control of a Board of Directors who are appointed by the Minister of Family Services and Housing.

2. Significant accounting policies

a) Basis of accounting

The Corporation's financial statements are prepared using the accrual basis of accounting.

b) Loans and mortgages receivable

Loans and mortgages receivable are valued at principal amounts less an allowance for loan impairment.

c) Loan forgiveness

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. The Corporation records an asset valuation allowance equal to the amount of the loan at the time the loan is granted. As forgiveness conditions are met by the borrower, the Corporation records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance.

d) Allowance for loan impairment

The Corporation maintains an allowance for loan impairment, which reduces the carrying value of loans and mortgages receivable to their estimated realizable amounts. Depending on the program under which the loan or mortgage is made, estimated realizable amounts are determined with reference to the Corporation's historical loss experience on similar loans or the appraised value of the project financed by the loan or mortgage.

Specific allowances are established for individual loans and mortgages for which the estimated realizable amount is less than the carrying value. The Corporation does not provide any additional non-specific, general provision for loan impairment. The Corporation's Board of Directors has approved a policy which defines whether an individual mortgage or loan balance is to be considered impaired based on the time period that it has been in arrears.

e) Housing projects and amortization

i) Social housing projects are valued at cost less accumulated amortization.

ii) Market housing projects are valued at the lesser of cost less accumulated amortization and net realizable value.

iii) Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction.

iv) Housing projects which are declared abandoned or surplus to the needs of the Corporation are valued at the lesser of cost less accumulated amortization and net realizable value.

v) Amortization of housing projects is based on the actual principal repayment of the long term debt. This policy is similar to that followed by Canada Mortgage and Housing Corporation (CMHC). Amortization for projects built under the Rural and Native Housing Program is based on the imputed principal repayment equivalent to that of 100% long term debt financing with CMHC.

f) Housing investment

Housing investment is valued at cost less accumulated amortization. Annual amortization is equal to the annual principal repayment of the imputed long term debt as determined by CMHC.

g) Interest in joint venture

The interest in joint venture is recognized using the proportionate consolidation method. Proportionate consolidation is a method of accounting and reporting whereby MHRC's prorata share of each of the assets, liabilities, revenues and expenditures of the joint venture is combined on a line by line basis with similar items in MHRC's financial statements.

h) Land

Land is valued at the lower of cost and appraised value adjusted for estimated disposition costs, except for land leased to co-operatives. Cost includes acquisition costs and related carrying costs. The carrying costs of the land, which include interest, planning and development costs, grants in lieu of taxes, less revenue derived from use of undeveloped land, were capitalized to land to March 31, 1993. Effective April 1, 1993 the carrying costs are charged annually to operations. Cost for land acquired after March 31, 1993 consists of the original purchase price.

Land leased to co-operatives is valued at original cost. The Corporation incurs no liabilities or obligations with respect to the lessees' buildings situated on the land. The carrying costs of the land, net of lease revenue, are charged annually to MHRC operations.

i) Interest capitalization

Interest costs on financing related to housing projects and housing investments are capitalized to the date of completion.

j) Pension costs and obligations

Current service contributions for MHA employees are recognized as operating expenses. The Corporation has no further liability associated with the annual cost of pension benefits earned by employees.

k) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis at the rate of 25% per year.

l) Contributed services

Under an agreement entered into between The Manitoba Housing and Renewal Corporation and the Department of Housing, in 1984, the Department provides administrative services to MHRC at no cost. The value of these contributed services is $5,107,500 (1999 - $3,458,300) and is recorded as revenue and expenditure.

m) Modernization and Improvement

Normal, recurring modernization and improvement expenditures, which are funded by annual grant and subsidy revenues are expensed in the period in which they are incurred. Significant, non-recurring modernization and improvement costs, which are funded by designated revenues, are accrued in the same period that such designated grant or subsidy revenues are approved by the funder and recorded by MHRC.

n) Financial instruments

i) Financial Risk

Financial risk is the risk to the Corporation's operations that arises from fluctuations in interest rates, and the degree of volatility of those rates. The Corporation does not use derivative instruments to reduce its exposure to interest risk. This risk is mitigated through the almost exclusive use of fixed rate terms for its mortgages and loans receivable and its long term debt.

ii) Credit Risk

Credit risk arises from the potential that a counterparty to an agreement with the Corporation will fail to perform its obligations. The Corporation conducts an assessment of credit issues prior to committing to such agreements and it actively monitors the credit risks associated with its accounts receivable and loans and mortgages receivable on an ongoing basis.

iii) Fair Value

There is no secondary market for many of the financial assets in which the Corporation invests or for the debt it issues. These circumstances, together with the uncertainty and potentially broad range of outcomes pertaining to the future cash flows related to these items, render the calculation of fair values, with appropriate reliability, impractical.

3. Acquisition of Control of Social Housing Operations

Pursuant to the Social Housing Agreement executed by MHRC and CMHC on September 3, 1998 which took effect October 1, 1998, CMHC transferred its ownership interest in Public Housing Projects to MHRC in accordance with a Declaration of Trust, and MHRC has assumed sole responsibility for operating policy decisions relating to these projects. Previous agreements provided for the two parties to exercise joint control over operating policies. Operating losses in programs for which MHRC has assumed responsibility have been reflected in Schedule D since the effective date together with CMHC subsidies thereon. Prior to the effective date, MHRC recorded only its net cost of providing subsidies towards program operating losses.

4. Cash

	2000	1999
On deposit with the Minister of Finance:		
Trust deposits	$42,819,501	$12,039,006
Modernization and improvement fund	16,090,062	15,393,591
Risk reserve fund (note 25)	12,701,687	12,190,152
Mobile home loan guarantee program fund (note 27)	674,229	643,307
Security deposits	97,077	90,805
Noon meal program	115,782	110,033
	72,498,338	40,466,894
Bank	1,150,531	(4,672,661)
Petty cash	7,200	8,650
Cash	$73,656,069	$35,802,883

5. Accounts receivable and accruals

	2000	1999
Canada Mortgage and Housing Corporation	$ 309,326	$26,336,423
Government of the Province of Manitoba and its agencies	16,447,492	19,548,746
Rent receivables - net of allowance of $1,305,551 (1999 - $378,000)	199,303	264,429
Accrued interest on loans and mortgages	757,489	822,452
City of Winnipeg - net of allowance of $87,645 (1999 - $67,122)	172,292	28,002
Other - net of allowance of $301,919 (1999 - $929,361)	4,563,029	2,677,216
Accounts receivable and accruals	$22,448,931	$49,677,268

6. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	2000	1999
Federal/Provincial Housing:		
Private Non-Profit Housing Program	$114,372,310	$115,421,863
Rural and Native Housing Program	188,023	238,867
Urban Native Housing Program	43,639,000	44,650,948
	158,199,333	160,311,678
Market Rental Programs:		
Co-operative HomeStart Program	8,437,938	8,756,882
Co-operative Index Linked Program	10,062,709	10,482,298
Manitoba Rural RentalStart Program	607,400	601,162
Manitoba Senior RentalStart Program	5,664,423	10,112,344
	24,772,470	29,952,686
Other Programs:		
Community Residences Program	8,104,350	8,919,046
Market Homeowner Programs	521,935	643,955
Homeowner Rehabilitation Programs	528,945	572,325
Other	225,307	241,291
	9,380,537	10,376,617
	192,352,340	200,640,981
Less - allowance for loan impairment	9,716,293	9,723,080
Loans and mortgages receivable	$182,636,047	$190,917,901

Loans and mortgages receivable bear interest at various rates between 2% and 13.5% with maturities at various dates to 2024.

In addition to the loans and mortgages above, forgivable loans outstanding in the amount of $6,587,992 (1999 - $6,659,867) have been approved in accordance with the terms of the loan agreements. An asset valuation allowance equal to the amount of outstanding forgivable loans has been recorded by the Corporation.

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2000	1999
Market rental programs	$9,516,119	$9,526,535
Other programs	200,174	196,545
	$9,716,293	$9,723,080

7. Housing projects

	2000	1999
Completed Housing Projects:		
Original cost	$404,422,743	$405,846,438
Less - financing provided by CMHC	20,205,747	21,345,462
	384,216,996	384,500,976
Less - accumulated amortization	56,410,185	50,393,863
Housing projects	$327,806,811	$334,107,113

8. Housing investment

	2000	1999
Housing investment	$17,540,773	$18,557,064

Housing investment represents MHRC's share in social housing projects, which until October 1, 1998 were administered by CMHC and subsequently have been administered by MHRC, under the Rural and Native Housing Program.

On September 3, 1998, MHRC and CMHC executed a Declaration of Trust by which CMHC has transferred their ownership interest in cost-shared and 100% CMHC funded Public Housing projects to MHRC, as trustee. MHRC's interest in these projects will be earned over the remainder of each project's CMHC subsidy commitment period, in amounts which will correspond to the annual amortization of the assets. No increase in housing investment has been recorded by MHRC.

9. Joint venture

a) The Corporation contributed 124 acres of land, at appraised value, to a joint venture with Qualico Developments (Winnipeg) on July 21, 1993. The appraised value of the land at that time was $2,220,000. On December 10, 1999 the joint venture was dissolved and the land was transferred to land for future development or sale.

b) The Corporation contributed 179 acres of land, at appraised value, to a joint venture with Ladco Company Limited on May 11, 1989. The appraised value of the land at that time, adjusted for subsequent sales, was $2,785,707 (1999 - $2,935,423) and is included in joint venture land in note 10. The joint venture activities include the servicing, development and sale of approximately 476 acres of land in the City of Winnipeg, Manitoba. In accordance with the terms of the agreement, the Corporation has provided loan guarantees for the purposes of the joint venture development in an amount not to exceed $2,400,000 (note 27).

The following is a summary of the Corporation's pro rata share of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

	2000	1999
Current Assets:		
Accounts receivable from land sales	$ 659,405	$ 206,081
Long Term Assets:		
Development in progress	681,904	1,083,494
Refundable deposits	32,628	35,121
	714,532	1,118,615
Total Assets	1,373,937	1,324,696
Current Liabilities:		
Bank indebtedness of joint venture	-	309,789
Accounts payable and accrued liabilities	26,770	17,688
Total Liabilities	26,770	327,477
Net Assets	$1,347,167	$ 997,219
Sales of land	$1,109,790	$ 467,962
Cost of land sales	640,366	274,737
Gross margin	469,424	193,225
Expenses:		
Interest on bank indebtedness	7,057	30,468
General	50,356	65,981
Other	60,659	18,393
Total expenses	118,072	114,842
Net income for the year	$ 351,352	$ 78,383

10. Land

	2000	1999
Under development	$ 187,210	$ 197,920
Future development or sale	7,797,789	7,239,402
Leased to co-operatives	1,734,392	1,734,392
Joint ventures	2,785,707	5,155,425
Land	$12,505,098	$14,327,139

11. Capital assets

Capital assets represent the costs incurred for the acquisition of computer hardware and software.

12. Deferred revenue

	2000	1999
Manitoba Housing Authority tenant prepaid rent	$1,846,293	$1,573,366
Other prepaid land lease and subsidy contribution received in advance	131,121	144,739
Deferred revenue	$1,977,414	$1,718,105

13. Long-term debt

	2000	1999
Government of the Province of Manitoba:		
Advances, convertible to long-term advances, at prime interest rates	$ 796,171	$ 700,310
Long-term advances, at interest rates from 6.125% to 13.375% maturing at various dates to 2030 and requiring annual principal and interest payments of $41,314,900 (1999 - $41,737,866)	368,696,598	382,351,150
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.75% to 11.00% maturing at various dates to 2030 and requiring annual principal and interest payments of $15,487,245 (1999 - $15,508,529)	198,920,187	202,146,287
Mortgages payable (assumed on property acquisitions), at interest rates from 5.125% to 9.625% maturing at various dates to 2030 and requiring annual principal and interest payments of $254,440 (1999 - $254,440)	2,481,316	2,506,344
Long-term debt	$570,894,272	$587,704,091

Principal repayments on the long-term debt are estimated as follows:

2001	$ 8,414,019
2002	9,103,625
2003	9,849,750
2004	10,657,028
2005	11,530,469
Subsequent to 2005	521,339,381
	$570,894,272

14. Deferred federal contributions

Pursuant to the Social Housing Agreement executed by MHRC and CMHC, CMHC will pay fixed annual contributions to MHRC for individual housing projects over the remainder of the CMHC subsidy commitment period. The Agreement took effect October 1, 1998 and has a funding expiration date of August 31, 2031. The Agreement provides that a specified amount of the annual federal contributions must be applied toward housing programs, which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs is similarly specified. Unexpended federal contributions are carried forward by MHRC for future use, but such contributions must be fully used, in accordance with the Agreement, by the funding expiration date of August 31, 2031.

During 2000, restricted federal contributions received by MHRC exceeded amounts applied toward housing program expenditures by $10,444,150 (1999 - $6,349,511). These unexpended contributions have been deferred and will be recognized as revenue in future years as the related expenditures are incurred.

15. Sinking fund

Under the provisions of The Housing and Renewal Corporation Act, MHRC is required to maintain a sinking fund on deposit with the Minister of Finance, where MHRC has funds available for that purpose. As at March 31, 2000, the Corporation determined that there were no funds available for the purpose of the sinking fund.

Commencing in the fiscal year ended March 31, 1994, MHRC no longer receives funds through the Department of Family Services and Housing for that purpose.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2000

16. Grants from the Province of Manitoba

	2000	1999
Department of Housing:		
MHRC operating programs	$32,320,600	$31,587,900
Grants and subsidies	4,925,099	5,138,767
	37,245,699	36,726,667
Grants recovered from the Department of Finance:		
Pensioner Tenant School Tax Assistance Program	730,217	733,267
Grants recovered from the Department of Intergovernmental Affairs:		
Winnipeg Development Agreement, Housing Assistance for High Risk Groups	861,000	121,000
Grants from the Province of Manitoba	$38,836,916	$37,580,934

17. Administrative services

	2000	1999
Administrative services provided by the Department of Housing were allocated as follows:		
- included in the Statement of Operations	$2,980,300	$2,201,100
- included in administration expenditure in Schedule B, Manitoba Housing Authority Housing Operations	1,985,800	1,713,600
- included in administration expenditure in Schedule C, Sponsor Managed Housing Operations	48,100	72,800
- included in private non-profit in Schedule D, Rental Subsidies	81,000	115,900
- included in rent supplement in Schedule D, Rental Subsidies	12,300	28,200
- included in CMHC units transferred in Schedule D, Rental Subsidies	768,600	———
Total Department of Family Services and Housing administrative services provided	5,876,100	4,131,600

Less:	- paid to the Department of Housing by the Corporation from funds recovered through federal/provincial cost shared programs	-	673,300
	- paid to the Department of Family Services and Housing by the Corporation from funds received through the Social Housing Agreement	768,600	-
Contributed by the Department of Family Services and Housing		$5,107,500	$3,458,300

18. Private Non-Profit (Post 1985)

The Corporation subsidizes the operating losses of private non-profit housing corporations. The results of the operations of the private non-profit housing corporations are as follows:

	2000	1999
Revenue		
Rental revenue	$ 7,213,206	$ 7,116,662
Expenditure		
Administration	955,849	1,252,660
Property operating	4,833,376	4,779,415
Property taxes	1,257,820	1,396,859
Amortization and interest	13,141,910	13,201,193
	20,188,955	20,630,127
Operating loss	12,975,749	13,513,465
Less: federal subsidies	9,485,661	9,767,614
Net subsidy	$ 3,490,088	$ 3,745,851

19. Interest expense

	2000	1999
Interest expense	$20,446,494	$21,030,076

In addition to the interest expense above, there is also interest expense in the amount of $30,439,332 (1999 - $32,184,589) included in the amortization and interest figures in the Schedule of Housing Operations for MHRC Owned Properties, Schedule A and $1,858,723 (1999 - $1,939,189) included in the Schedule of Rental Subsidies, Schedule D for units transferred from CMHC under the Rural and Native Program.

20. Grants and subsidies

	2000	1999
Shelter Allowance for Family Renters	$ 980,054	$1,094,184
Shelter Allowance for Elderly Renters	3,682,487	3,874,326
Elderly and Infirm Persons Housing	192,558	170,257
Pensioner Tenant School Tax Assistance	730,217	733,267
Residential Rehabilitation Assistance Program	1,521,920	-
Winnipeg Development Agreement, Housing Assistance for High Risk Groups	861,000	121,000
	$7,968,236	$5,993,034

21. Pension obligations

Employees of The Manitoba Housing Authority are eligible for pensions under the Manitoba Civil Service Superannuation Fund. This pension plan is a defined benefit plan, which requires The Manitoba Housing Authority to contribute an amount equal to the employees' contribution to the Superannuation Fund for current services. Such payments are charged to operations as incurred and MHRC has no further liability associated with the annual cost of pension benefits earned.

Pension expense recorded for the year ended March 31, 2000 was $391,246 (1999 - $388,511).

22. Severance pay benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the method of calculation set by the Province of Manitoba.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 22 or 15 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable of $877,105 from the Province of Manitoba, which is an amount that is equal to the estimated liability recorded for accumulated severance pay benefits at March 31, 1998.

This receivable from the Province of Manitoba has no terms of repayment and accordingly, the amount of this receivable will remain fixed at $877,105.

23. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

24. Contingencies

The Corporation is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Corporation. Any settlement will be recognized in the year the settlement occurs.

25. Risk Reserve Fund

Pursuant to the Social Housing Agreement dated September 3, 1998 between CMHC and MHRC, CMHC made a one-time payment of $12,700,000 to MHRC in 1999. This amount was provided for the purpose of mitigating future operating risks associated with MHRC's financial responsibility for housing programs transferred from CMHC pursuant to the Agreement. This amount has been recorded as a risk reserve fund and is increased by interest earned thereon and is reduced as the Corporation incurs expenses as a result of the identified risks.

26. Commitments

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is now fully responsible for the funding commitments of all Public Housing Projects in Manitoba. These commitments will expire on a staggered basis over the period ending 2031, concurrent with the Social Housing Agreement funding expiration date of August 31, 2031. An estimate of these commitments for each of the next five years is as follows:

2001	$48,821,408
2002	48,534,904
2003	47,609,392
2004	46,542,890
2005	45,954,925

27. Guarantees

The Corporation has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts. The outstanding guarantees are as follows:

	2000	1999
Joint Venture Investment Guarantee (note 9)	$2,400,000	$2,400,000
Mobile Home Loan Guarantee Program	2,895,669	3,616,304
Rural Mortgage Lending Program	11,958	17,633
Other mortgage guarantees	1,834,535	2,014,930
Total guarantees	$7,142,162	$8,048,867

A guarantee fee of 2 1/2% is charged for each mortgage under the Mobile Home Loan Guarantee Program. The assets of the Mobile Home Loan Guarantee Program as at March 31, 2000 are $720,847 (1999 - $689,925) and are included in cash $674,229 (1999 - $643,307) (note 4) and in housing projects $46,618 (1999 - $46,618). The trust fund liability is included in accounts payable.

28. Comparative figures

Certain comparative figures in the financial statements have been restated to conform with the presentation of the current year.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of the Manitoba Trade and Investment Corporation as at March 31, 2000 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

James Martin

Winnipeg, Manitoba
November 8, 2000

James M. Martin, CA
for the Provincial Auditor

MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2000
(With Comparative Figures for 1999)

	2000	1999
ASSETS	$	$
Current Assets:		
Cash on deposit with Province of Manitoba	901,786	979,693
Interest Receivable - Faneuil ISG Inc.	-	18,135
Accounts Receivable - Trade	1,206	58,813
Accounts Receivable - Province of Manitoba	2,325,998	1,238,897
Accounts Receivable - Other	91,407	94,885
Total Current Assets	3,320,397	2,390,423
Funding Commitment - Province of Manitoba (Note 5)	24,244,242	-
Long-term Investment - Faneuil ISG Inc. (Note 3)	1	18,796,754
Total Long-term Investments	24,244,243	18,796,754
TOTAL ASSETS	27,564,640	21,187,177
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable - Trade	18,439	24,385
Accounts Payable - Province of Manitoba	2,560,538	1,399,392
Deferred Revenue (Note 6)	130,492	279,695
Total Current Liabilities	2,709,469	1,703,472
Long-term Liabilities:		
Operating Advance Payable	500,000	500,000
Loans Payable to the Province of Manitoba (Notes 4 and 5)	24,244,242	18,796,754
Total Long-term Liabilities	24,744,242	19,296,754
TOTAL LIABILITIES	27,453,711	21,000,226
RETAINED EARNINGS	110,929	186,951
TOTAL LIABILITIES AND RETAINED EARNINGS	27,564,640	21,187,177

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2000
(With Comparative Figures for 1999)

	2000 $	1999 $
Income:		
Participation Fees (Note 2a)	138,567	288,093
Contract Fees Recoveries - Industry, Trade and Mines	410,859	441,679
Licence Fees Revenue	92,179	142,360
Expenses Recovered from Industry, Trade and Mines - Faneuil ISG Inc.	2,325,998	3,208,212
Interest Income	-	18,135
Total Income	2,967,603	4,098,479
Expenses:		
Program Expenditures (Note 2a)	195,813	217,673
Audit Fees	5,000	3,500
Contract Fees	410,859	349,273
Guarantee Fees	116,714	102,457
Interest	2,145,284	2,007,990
Miscellaneous	13,776	751
Restructuring Expense - Faneuil ISG Inc.	-	1,960,000
Licence Fees	92,179	142,360
Service Fees	64,000	110,536
Total Expenses	3,043,625	4,894,540
Net Loss for the Year before the following:	(76,022)	(796,061)
Increase in Provision for Decline in Value of Investment	(19,448,242)	(1,796,000)
Increase in Funding Commitment from the Province of Manitoba for Decline in Value of Faneuil ISG Inc. Investment	19,448,242	1,796,000
Net Loss for the Year	(76,022)	(796,061)
Retained Earnings, beginning of year	186,951	983,012
Retained Earnings, end of year	110,929	186,951

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2000
(With Comparative Figures for 1999)

Operating Activities	2000 $	1999 $
Net Income (Loss) for the year	(76,022)	(796,061)
Changes in operating assets and liabilities		
Accounts receivable - trade	57,607	(52,239)
Accounts receivable - Province of Manitoba	(1,087,101)	(431,035)
Accounts receivable - other	3,478	(82,009)
Interest receivable - Faneuil ISG Inc.	18,135	1,645,865
Accounts payable - trade	(5,946)	21,024
Accounts payable - Province of Manitoba	1,161,146	593,030
Deferred revenue	(149,203)	(146,679)
Net cash flow from (to) operating activities	(77,906)	751,896
Investing Activities:		
Decrease in long-term investment - Faneuil ISG Inc.	18,796,753	444,621
Net cash flow from (to) investing activities	18,796,753	444,621
Financing Activities:		
Increase in Funding Commitment from the Province of Manitoba	(24,244,242)	-
Increase (decrease) in Loans Payable to the Province of Manitoba	5,447,488	(444,621)
Net cash flow to (from) financing activities	(18,796,754)	(444,621)
Net increase (decrease) in cash	(77,907)	751,896
Cash and term deposits, beginning of year	979,693	227,797
Cash and term deposits, end of year	901,786	979,693

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

1. Nature of Operations and Economic Dependence

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of Legislation in 1974. The object of the Corporation is to encourage, develop and increase Manitoba exports and trade. The Corporation's primary emphasis is to connect Manitoba businesses with emerging export opportunities.

The Corporation is economically dependent on the Department of Industry, Trade and Mines of the Government of Manitoba as all project shortfalls and deficits incurred by the Corporation are recovered from the Department.

2. Significant Accounting Policies

a. Participation Fees and Program Expenditures

Participation Fees and Program Expenditures are recognized as revenue or expense in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

b. Administrative Expenses Paid By The Province of Manitoba

No amount has been reflected in the financial statements for office space and other administrative services provided to the Corporation by the Department of Industry, Trade and Mines.

3. Long-Term Investment Faneuil ISG Inc.

On August 24, 1994, the Corporation entered into a series of agreements along with the Province of Manitoba, the Manitoba Telephone System (MTS) and Faneuil ISG Inc. (Faneuil) whereby a new information services company was established in Winnipeg. This new company develops integrated marketing systems and marketing information from call centres throughout North America.

In conjunction with these agreements, the Corporation acquired a subordinated debenture from Faneuil in the amount of $16 million. This debenture was due September 18, 1999 and provided for interest of 6.5% per year. The Corporation maintains a call on all of Faneuil's assets, subordinated only to Faneuil's bank, as security for this debenture.

The terms of the debenture were subsequently restructured and $5.6 million of the debenture was converted to Class B convertible preferred shares. For the fiscal year ended March 31, 1999, the Corporation recorded a provision against the debenture of $1,796,000 - $1,500,000 to reflect loan forgiveness for job creation and an additional $296,000 to write the debenture down to its estimated present value based on future cash flows receivable under the modified repayment terms.

3. Long-Term Investment Faneuil ISG Inc. (Cont'd):

In addition, these agreements provided for the Corporation to assume notes receivable from Faneuil, based on MTS and Faneuil entering certain call centre equipment and service contracts over the life of these agreements.

Based on a current assessment, it is uncertain that the Corporation will recover its long-term investment in Faneuil and consequently the value of the long-term investment has been reduced to a nominal value of $1 as follows:

	2000 $	1999 $
Long - Term Investment - Faneuil		
Notes Receivable - Call Centre Equipment	5,000,000	4,348,512
Notes Receivable - Service Contract	244,242	244,242
Debenture Receivable	10,400,000	10,400,000
Preferred Shares	5,600,000	5,600,000
	21,244,242	20,592,754
Provision for Decline in Value of Investment	(21,244,241)	(1,796,000)
	1	18,796,754

4. Loans Payable to the Province of Manitoba

The operating advance from the Province of Manitoba is non-interest bearing with no fixed terms of repayment.

In exchange for acquiring the subordinated debenture as described in Note 3 above, the Corporation has assumed responsibility for term notes payable, based on facility service fees being paid by MTS to Faneuil. As at March 31, 2000, these term notes payable assumed by the Corporation totaled $19,000,000 ($18,750,000 as at March 31, 1999).

In exchange for acquiring notes receivable as described in Note 3 above, the Corporation has also assumed responsibility for equivalent amounts of term notes payable. These amounts payable are based on call centre equipment and service contracts entered between MTS and Faneuil.

All term notes payable bear interest at 9% per year and are due January 1, 2002.

4. Loans Payable to the Province of Manitoba (Cont'd):

In addition to interest, the Corporation pays to the Province on an annual basis, a service fee of .5% on the cumulative notes outstanding, and a guarantee fee of .5% of the amount of notes outstanding at the previous March 31.

As described in Note 3 above, the value of the long-term investment in Faneuil has been reduced to $1. The term notes payable to the Province of Manitoba on account of Faneuil are as follows:

	2000 $	1999 $
Loans Payable to the Province of Manitoba		
Term Notes Payable - Call Centre Equipment	5,000,000	4,348.512
Term Notes Payable - Facility Service Fees	19,000,000	14,204,000
Term Notes Payable - Service Contract Fees	244,242	244,242
	24,244,242	18,796,754

5. Funding Commitment – Province of Manitoba

The Corporation has an outstanding loan from the Province of Manitoba in the amount of $24,244,242 as at March 31, 2000 ($18,796,754 as at March 31, 1999). If the Corporation's long-term investment from Faneuil ISG Inc. does prove uncollectable, the Province of Manitoba is committed to writing off an equivalent amount of its loan to the Corporation regarding this transaction.

6. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for specific projects. Changes in the deferred revenue balance are as follows:

	2000 $	1999 $
Balance, beginning of year	279,695	426,374
Less amount recognized as revenue in the year	(525,795)	(441,679)
Add amounts received during the year	376,592	295,000
Balance, end of year	130,492	279,695

7. Financial Instruments

The carrying amounts of current assets and liabilities are a reasonable estimate of their fair value because of the short-term maturity of these instruments.

8. Comparative Figures

Certain of the prior year's figures have been restated to agree to the presentation adopted during the current year.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2000 and the statements of operating revenues and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

James Martin

Winnipeg, Manitoba
July 10, 2000

James M. Martin, CA
for the Provincial Auditor

The Manitoba Water Services Board

Exhibit A

Balance Sheet

as at March 31, 2000

ASSETS	2000	1999
Current assets		
Cash on deposit with the Minister of Finance	$ 240,505	$ 4,955,111
Accounts receivable	3,325,669	1,904,421
Construction in progress (Note 3)	1,695,525	4,729,659
Accrued interest	70,944	101,677
Current portion of debentures receivable	368,127	463,782
	5,700,770	12,154,650
Debentures receivable from municipalities (Note 4)	1,426,553	1,794,680
Capital assets (Note 5)	280,075	372,792
	$ 7,407,398	$ 14,322,122

LIABILITIES	2000	1999
Current liabilities		
Accounts payable and accrued charges	$ 1,034,148	$ 4,405,297
Advances from the Province of Manitoba payable on demand	4,500,000	6,700,000
Current portion of long-term debt	90,791	396,988
	5,624,939	11,502,285
Long-term debt (Note 6)		
Advances from the Province of Manitoba	750,838	841,629
Funds retained (Note 7)	931,621	1,878,208
Interest adjustment fund account (Note 8)	100,000	100,000
	1,031,621	1,978,208
	$ 7,407,398	$ 14,322,122

APPROVED BY THE BOARD

W Hodgins

The Manitoba Water Services Board

Exhibit B

Statement of Operating Revenues and Expenditures

for the year ended March 31, 2000

	2000	1999
Revenues		
Sale of water	$ 1,495,300	$ 1,250,139
Administrative expenses paid by the Province of Manitoba (Note 9)	1,854,395	1,699,195
Interest	309,945	353,085
Total revenues	3,659,640	3,302,419
Expenditures		
Direct expenditures for water supply plants		
Interest - Advances payable on demand	396,231	344,405
- Long-term debt	103,308	163,805
Less: Interest allocated to new construction	(355,882)	(351,512)
	143,657	156,698
Chemicals	97,238	246,976
Amortization	80,448	158,249
Heat, telephone, light and power	153,702	208,568
Professional services	1,201,125	26,960
Salaries and benefits	342,566	522,866
Repairs and maintenance	315,686	477,603
Administrative expenses (Note 9)	1,854,395	1,699,195
Total expenditures	4,188,817	3,497,115
Excess (deficiency) of operating revenues over expenditures	(529,177)	(194,696)
Funds retained, beginning of year	1,878,208	2,085,735
Plant surplus transferred to municipalities on disposition	(417,410)	(12,831)
Funds retained, end of year (Note 7)	$ 931,621	$ 1,878,208

The Manitoba Water Services Board

Exhibit C

Statement of Cash Flows

for the year ended March 31, 2000

	2000	1999
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of operating revenues over expenditures	$ (529,177)	$ (194,696)
Expenditure not involving cash - amortization	80,448	158,249
	(448,729)	(36,447)
Change in accounts receivable	(1,421,248)	(1,444,774)
Change in accounts payable and accrued charges	(3,371,149)	3,096,745
Change in accrued interest	30,733	12,435
Cash provided by (used for) operating activities	(5,210,393)	1,627,959
Financing activities		
Advances received	8,200,000	7,700,000
Advances repaid	(10,796,988)	(3,840,033)
Debentures receivable principal recoveries	463,782	657,897
Cash provided by (used for) financing activities	(2,133,206)	4,517,864
Investing activities		
New construction costs	(20,182,009)	(34,148,578)
Funding recovered from:		
Province of Manitoba	12,073,005	13,037,542
Municipalities	11,143,138	18,777,846
Decrease (increase) in construction in progress	3,034,134	(2,333,190)
Capital asset additions	12,269	6,535
Plant surplus transferred to municipalities on disposition	(417,410)	(12,831)
Cash provided by (used for) investing activities	2,628,993	(2,339,486)
Increase (Decrease) in cash	(4,714,606)	3,806,337
Cash, beginning of year	4,955,111	1,148,774
Cash, end of year	$ 240,505	$ 4,955,111

Interest paid during the year ended March 31 amounted to $516,808 (1999 - $539,988)

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 2000

1. NATURE OF ORGANIZATION

The Manitoba Water Services Board was established in July 1972 under The Manitoba Water Services Board Act to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board owns and operates water supply plants in the Province, installs or upgrades water and sewage facilities in Manitoba communities, constructs area water pipelines for agricultural and drought proofing purposes and develops farm water sources.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared using generally accepted accounting principles. Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the Statement of Operating Revenues and Expenditures. Separate equity accounts are maintained for each plant operated by the Board (Note 7).

(b) Capital assets

Capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Plants constructed prior to January 1, 1972	equipment	18 years
	buildings	35 years
Plants constructed after January 1, 1972	equipment	20 years
	buildings	20 years

(c) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at fair value in the financial statements.

(e) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

3. CONSTRUCTION IN PROGRESS

	2000	1999
Balance, beginning of year	$ 4,729,659	$ 2,396,469
New construction costs	20,182,009	34,148,578
	24,911,668	36,545,047
Funding recovered from:		
Municipalities	11,143,138	18,777,846
Province of Manitoba	12,073,005	13,037,542
	23,216,143	31,815,388
Balance, end of year	$ 1,695,525	$ 4,729,659

4. DEBENTURES RECEIVABLE FROM MUNICIPALITIES

Prior to April 1985, the Board financed capital construction costs through long-term debt at fixed interest rates with the Province of Manitoba and the Canada Mortgage and Housing Corporation. Municipalities financed the municipal share of capital construction costs by issuing debentures to the Board. The debentures were issued in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the Board's corresponding long-term debt financing. Since April 1985, the Board has recovered the municipal share of capital construction costs on a current basis.

Schedule of Debentures Receivable from Municipalities:

Year of Maturity	Annual Payment Date	Interest Rate(%)	2000	1999
1999	October 31	11.250	$ -	$ 134,244
1999	December 31	12.750	-	2,129
2000	October 31	13.750	89,788	168,724
Subtotal (carried forward)			$ 89,788	$ 305,097

4. DEBENTURES RECEIVABLE FROM MUNICIPALITIES (continued)

Year of Maturity	Annual Payment Date	Interest Rate(%)	2000	1999
Subtotal (brought forward)			$ 89,788	$ 305,097
2000	December 31	12.750	2,195	4,142
2001	December 31	13.125	20,280	28,691
2002	December 31	13.125	136,028	171,281
2003	December 31	12.625	196,913	233,163
2004	December 31	12.750	704,468	801,366
2005	October 31	10.950	350,948	390,972
2006	October 31	9.800	114,995	126,103
2006	October 31	8.000	179,065	197,647
Total debentures receivable			1,794,680	2,258,462
Less: current portion			368,127	463,782
Debentures receivable beyond one year			$ 1,426,553	$ 1,794,680

5. CAPITAL ASSETS

	2000	1999
Land and easements	$ 28,955	$ 40,893
Buildings	1,619,662	2,378,052
Less accumulated amortization	1,368,542	2,046,153
	251,120	331,899
Equipment	546,005	773,928
Less accumulated amortization	546,005	773,928
Total capital assets	$ 280,075	$ 372,792

6. LONG-TERM DEBT

Year of Maturity	Annual Payment Date	Interest Rate(%)	2000	1999
Advances from the Province of Manitoba:				
1999	June 2	10.010	$ -	$ 314,177
2004	March 31	9.250	13,786	16,535
2006	October 31	9.800	139,923	153,438
2007	March 31	9.625	664,598	729,240
2007	October 31	9.400	23,322	25,227
Total advances payable			841,629	1,238,617
Less: current portion			90,791	396,988
Advances payable beyond one year			$ 750,838	$ 841,629

The Board has the right at any time to repay in whole or in part the advances from the Province of Manitoba.

The aggregate amount of payments required in each of the next five years to meet debt retirement provisions are:

2001	$ 171,938
2002	$ 171,938
2003	$ 171,938
2004	$ 171,938
2005 and beyond	$ 153,877

7. FUNDS RETAINED

Funds retained consist of accumulated excess revenues over expenditures pertaining to the water supply plants owned and operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

Funds retained also include the gain on the sale of the Red River Regional Water Supply System.

7. FUNDS RETAINED (continued)

Funds retained consist of the following:

	No.	2000 Amount	No.	1999 Amount
Plants owned by the Board				
Plants with a deficit	4	$ (256,179)	2	$ (93,255)
Plants with a surplus	13	832,100	19	1,572,617
	17	575,921	21	1,479,362
Plants owned by Municipalities				
Plants with a surplus	1	28,346	3	56,780
Total funds retained, water supply plants	18	604,267	24	1,536,142
Gain on Sale of the Red River Regional Water Supply System		327,354		342,066
Total funds retained		$ 931,621		$ 1,878,208

Subsequent to year end, two Water Treatment Plants have been transferred to the Village/Municipality. Surplus funds of approximately $76,400 will be released from funds retained during 2000/2001.

8. INTEREST ADJUSTMENT FUND ACCOUNT

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest cost incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

9. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenditures are as follows:

	2000	1999
Professional services	$ 15,210	$ 14,003
Salaries and benefits	1,481,055	1,379,832
Telephone and utilities	26,736	27,087
Travel	14,394	25,905
Rental for office premises	134,349	121,095
Other administrative	182,651	131,273
	$ 1,854,395	$ 1,699,195

10. COMMITMENTS

	2000	1999
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	$ 22,881,057	$ 26,826,700
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	$ 8,995,428	$ 12,417,000
Recovery of construction costs - Municipalities and Cooperatives	13,885,629	14,409,700
	$ 22,881,057	$ 26,826,700

The Board recovers construction costs on a current basis from municipalities and cooperatives through funds provided by the Province of Manitoba under The Loan Act. As at March 31, 2000, the Province had unused authority of $44,299,900 under The Loan Act, 1999 to provide this financing to the Board for the construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

11. RELATED PARTY TRANSACTIONS

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions with these entities in the normal course of business.

12. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

13. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts of cash, accounts receivable, accrued interest, the current portion of debentures receivable, accounts payable, accrued charges, advances from the Province of Manitoba payable on demand, and the current portion of long term debt reported on the balance sheet approximate their fair market value due to their short-term nature.

Debentures receivable and long-term debt are estimated using public quotations or discounted cash flow analysis, based on current corresponding borrowing rates for similar types of borrowing arrangements. They are not materially different from their carrying value.

Credit Risk

The Board, in the normal course of business is exposed to credit risk from the rural municipalities it serves. The Board's financial assets that are exposed to credit risk consist primarily of accounts receivable and debentures receivable.

Accounts receivable are primarily short-term receivables from rural municipalities. Debentures receivable are long-term receivables from rural municipalities which have fixed interest rates and repayment terms. Credit evaluations are done for each rural municipality.

Interest Rates

The Board is not exposed to significant interest rate risk due to the short term nature of the current asset and current liabilities, and the fact that its debentures receivable and long-term debt are at fixed interest rates.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Public Schools Finance Board as at June 30, 1999 and the statement of revenue and expenditure and education support fund for the year then ended. These financial statements reflect the education program costs administered through the Public Schools Finance Board and the funding provided for this program from the Department of Education and Training and from municipal corporations. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Larry Unryn

Winnipeg, Manitoba
October 8, 1999

Larry Unryn, CA
for the Provincial Auditor

THE PUBLIC SCHOOLS FINANCE BOARD

Balance Sheet
as at June 30, 1999

ASSETS	1999	1998
	(in thousands of dollars)	
Cash	$ 903	$ 1,208
Funds on deposit with the Province of Manitoba	1,575	115
Accounts receivable:		
Province of Manitoba	14,906	10,142
Municipal corporations - education support levy	119,750	118,796
Other	578	455
	$ 137,712	$ 130,716

LIABILITIES AND EDUCATION SUPPORT FUND

	1999	1998
Support payable to school divisions	$ 5,002	$ 6,102
Accrued interest	1,915	1,829
Notes payable on demand, at bank prime, Province of Manitoba	128,561	120,493
Other payables	137	446
	135,615	128,870
Education Support Fund	2,097	1,846
	$ 137,712	$ 130,716

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenditure and Education Support Fund for the year ended June 30, 1999

	1999	1998
	(in thousands of dollars)	
Revenue:		
Province of Manitoba Schools Finance Program	$ 551,596	$ 537,337
Municipal corporations, education support levy	198,943	198,011
Sale of school properties and miscellaneous revenue	359	311
	750,898	735,659
Expenditure:		
Operational support program (Note 3)	681,716	671,009
Capital support program (Note 4)	64,763	64,668
Administrative and other expenses (Note 5)	4,168	3,718
	750,647	739,395
Excess (deficiency) of revenue over expenditure	251	(3,736)
Education Support Fund Balance, beginning of year	1,846	5,582
Balance, end of year	$ 2,097	$ 1,846

1. Nature of the Board's Operations

The Public Schools Finance Board was established by The Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the Capital Support Program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the Operational Support Program in amounts as determined by the Minister of Education and Training.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant Accounting Policies

(a) The accounts of the Board are maintained on an accrual basis, except for debt servicing support, which is expensed on a cash basis.

(b) The education support levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 1998 levy to the July to December period and 60% of the 1999 levy to the January to June period.

3. Operational Support Program

	1999	1998
	(in thousands of dollars)	
Support for Recognized expenditures	$ 368,799	$ 369,347
Occupancy	75,640	75,568
Special needs - Level I	42,546	42,672
Counselling and guidance	8,886	8,821
Library services	15,264	15,263
Professional development	3,734	3,665
Transportation	35,365	35,016
Board and Room	934	1,056
Special needs	46,734	43,830
Technology (Vocational) education	7,065	7,070
English as a second language	2,174	2,093
English language enrichment for native students	4,800	4,265
Heritage language	221	210
French Language Programs/Instruction	5,286	5,435
Programme d'accueil	330	335
Small schools	1,933	1,783
Curricular materials	8,953	8,974
Students at Risk	10,022	10,437
Early identification	248	248
Distance education	133	138
Decreasing enrolment	1,221	942
Remoteness allowance	2,245	2,300
Red River Vocational Coordinator	45	45
New school	248	15
Supplementary support	31,413	26,523
Early Literacy	2,692	-
Information Technology	1,791	-
Adjustment of previous years' support to school divisions from estimated to actual	(161)	265
Supplementary Guarantee	955	-
Buses	-	1,801
Vocational equipment	2,200	2,212
Science and technology centres	-	680
	$ 681,716	$ 671,009

4. Capital Support Program

	1999	1998
	(in thousands of dollars)	
Debt servicing	$ 56,063	$ 56,701
Other capital projects	8,700	7,967
	$ 64,763	$ 64,668

As at June 30, 1999, the approved outstanding debenture debt of school divisions was $353,252,787 (1998 - $344,285,006). The Board has not, however, assumed legal liability related to the repayment of such long-term debt and, therefore, this amount is not reflected in the financial statements.

During the course of the year, school divisions raised an additional $31,008,000 to finance capital expenditures (1998 - $22,913,000) by the issuance of debentures purchased by the Minister of Finance.

5. Administrative and other expenses

	1999	1998
	(in thousands of dollars)	
Board members' indemnities	$ 91	$ 86
Staff salaries	498	468
Professional services	93	87
Service Agreement	169	169
Meetings and travel	58	51
Printing, stationery, postage and supplies	44	34
Office renovations	-	23
Desktop Management	27	-
Computers, software and minor equipment	3	6
Telephone and fax	10	10
Rent	35	35
Interest charges on notes payable to the Province of Manitoba	3,140	2,749
	$ 4,168	$ 3,718

6. Commitments

As at June 30, 1999, the Board had commitments of $3,004,977 (1998 - $3,016,000). Included in this amount is $1,851,182 of commitments which have been provided for in appropriations included in the 1999/00 estimates of the Province of Manitoba (1998 - $2,815,000). The balance of $1,153,795 as at June 30, 1999 (1998 - $201,000) are committed from the Education Support Fund balance.

7. Changes in Financial Position

A statement of changes in financial position has not been included because, in the opinion of management, it would not provide any meaningful additional information.

8. Related Party Transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business.

9. Pension Costs and Obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board records no provision in the financial statements relating to the costs of participation in the pension plan.

10. Comparative Figures

Certain 1998 figures have been restated for comparative purposes.

11. Year 2000 Issue

The Public Schools Finance Board has conducted a review of its computer systems to identify the systems that could be affected by the Year 2000 issue and has developed an implementation plan to resolve the issue. All reprogramming efforts are complete and it is not expected that the Year 2000 issue will affect any of its computer systems.

Deloitte & Touche

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AUDITORS' REPORT

To the Board of Governors of
Red River College

We have audited the balance sheet of Red River College as at June 30, 1999 and the statements of operations, changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
October 7, 1999

RED RIVER COLLEGE
Statement of Operations
(in thousands)
Year Ended June 30, 1999

	1999	1998
REVENUE		
Academic training fees	$ 9,822	$ 8,964
Grants and reimbursements	36,178	35,398
Market Driven Training Centre	6,503	6,786
International education	267	185
Continuing education	5,060	4,276
Sundry and other revenue	5,815	5,258
Donation of artwork	-	1,662
Loss on disposal of assets	-	(7)
Amortization of deferred contributions	2,471	1,385
	66,116	63,907
EXPENSES		
Academic	37,972	36,267
Administration	9,563	8,958
Program support	3,618	3,503
Plant	8,072	8,502
Management information services	2,529	2,376
Library	1,222	1,197
Capital campaign expenses	5	105
Amortization of capital assets	3,696	1,865
	66,677	62,773
EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES	$ (561)	$ 1,134

RED RIVER COLLEGE
Balance Sheet
(in thousands)
June 30, 1999

	1999	1998
ASSETS		
CURRENT		
Cash and short-term investments (Note 5)	$ 189	$ 2,193
Marketable securities (at cost, market value $108)	76	-
Accounts receivable	3,758	3,115
Inventories	606	434
Prepaid expenses (Note 6)	2,047	2,338
	6,676	8,080
DUE FROM PROVINCE OF MANITOBA	9,275	9,275
CAPITAL ASSETS (Note 7)	10,842	9,818
	$ 26,793	$ 27,173
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	$ 12,090	$ 13,918
Deferred revenue	4,526	3,407
	16,616	17,325
DEFERRED CONTRIBUTIONS (Note 9)	1,034	313
DEFERRED CAPITAL CAMPAIGN CONTRIBUTIONS (Note 10)	728	204
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Notes 4 and 11)	3,231	3,965
	4,993	4,482
NET ASSETS		
Net assets invested in capital assets (Notes 4 and 12)	6,883	5,649
Net assets restricted for endowments (Note 13)	770	391
Net assets internally restricted (Note 13)	800	800
Unrestricted net assets	(3,269)	(1,474)
	5,184	5,366
	$ 26,793	$ 27,173

APPROVED BY THE BOARD OF GOVERNORS

.... Chair .... Vice-Chair

RED RIVER COLLEGE
Statement of Changes In Net Assets
(In thousands)
Year Ended June 30, 1999

	Invested in Capital Assets	Restricted for Endowments	Internally Restricted	Unrestricted	Total 1999	Total 1998
Balance, beginning of year (as previously reported)	5,649	13	800	(1,505)	4,957	$ 3,854
Change in accounting policy:						
Prior year adjustments (Note 3)	-	378	-	31	409	239
As restated	5,649	391	800	(1,474)	5,366	4,093
Endowment Gifts	-	379	-	-	379	139
Excess of revenues over expenses	(1,425)			864	(561)	1,134
Investment in capital assets (Note 12)	2,659	-	-	(2,659)	-	-
Balance, end of year	6,883	770	800	(3,269)	5,184	$ 5,366

RED RIVER COLLEGE
Statement of Cash Flows
(in thousands)
Year Ended June 30, 1999

	1999	1998
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ (561)	$ 1,134
Amortization of capital assets	3,696	1,865
Amortization of deferred capital contributions	(2,471)	(1,385)
Donation of artwork	-	(1,662)
Increase in deferred other contributions	921	317
Loss on disposal of capital assets	-	7
Change in non-cash working capital items (Note 14)	(1,309)	1,466
	276	1,742
FINANCING AND INVESTING ACTIVITIES		
Purchase of capital assets	(4,720)	(2,624)
Endowment gifts received	379	139
Contributions received for capital purposes	1,499	1,391
Capital campaign contributions	562	174
Proceeds on disposal of capital assets	-	21
	(2,280)	(899)
NET (DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	(2,004)	843
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	2,193	1,350
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 189	$ 2,193

1. DESCRIPTION

Red River College operates under the authority of The Colleges Act, Chapter C150.1 of the Continuing Consolidation of the Statutes of Manitoba. This legislation, which established the College as a board-governed institution on April 1, 1993, allowed for the transfer of assets, liabilities, investment in capital assets and contributed surplus from the Province of Manitoba.

The main campus of the College, located at 2055 Notre Dame Avenue, Winnipeg, Manitoba is owned by the Province of Manitoba. The College does not pay any rent for the use of the campus but is responsible for payment of property taxes and certain facilities costs under the government's Accommodation Cost Recovery System (ACRES). The College is currently finalizing a memorandum of understanding for the continued use of this campus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Marketable securities*

Marketable securities are recorded at the lower of cost and market value.

(b) *Inventories*

Inventories of merchandise held by the College bookstore, printshop and food services are valued at the lower of cost and net realizable value.

(c) *Capital assets*

i) Assets acquired post-board governance are capitalized at their purchase price. Donated assets are capitalized at their market value at the time of the donation. The value of items transferred to College ownership at board-governance was determined based on the Transfer Agreement by Order in Council dated November 16, 1994 from the Province of Manitoba. These assets were transferred at their agreed upon net value at the time of transfer, April 1, 1993. Based on the amortization policy set out below, these assets have been fully depreciated.

ii) Equipment and furniture are amortized over their estimated useful lives, at a rate of 20% straight line based on original cost

iii) Computer equipment is recorded at cost and amortized on a straight line basis at 33% per annum (see Note 4).

iv) Major renovations are recorded at cost and are amortized on a straight basis at 5% per annum.

v) Leasehold improvements to the College's downtown campus are being amortized on a straight line basis over the term of the lease, which expires January, 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets (continued)

vi) Artwork, which was donated to the College, is recorded at its fair market value at the time of the donation, as determined by independent appraisals. Some of the artwork is or will be displayed throughout the College, while other components of the collection may be sold in the future to fund specific projects and activities. Any difference between the carrying value of individual pieces of the collection and the value ultimately realized for that piece upon sale will be adjusted to income at the time of the sale.

vii) Library holdings are accounted for using the base stock method. Under this method, the value of the base stock is capitalized, but subsequent purchases are not capitalized because it has been determined that annual additions are approximately equal to reductions.

(f) Donations

Donations are reported when received. Donations of materials and equipment are reported at fair market value.

(g) Revenue recognition

The College follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

The unearned portion of tuition fees and contractual training revenue received but not earned until the next fiscal year is recorded as deferred revenue.

3. CHANGE IN ACCOUNTING POLICIES

a) During the year ended June 30, 1999, the College retroactively adopted the policy of accruing its liability for retirement severance pay. This change occurred as a result of the Province of Manitoba notifying the College of the Province's intention to accept a share of the liability, calculated as the balance of accrued severance liability as at March 31, 1998. Therefore, effective on that date, the College recorded a long term receivable from the Province of Manitoba and an increase of accounts payable of $5,185.

Adjustments for changes to the liability subsequent to March 31, 1998 are the responsibility of the College and will not affect the long term receivable. The financial statements for the year ended June 30, 1998 have been restated to reflect this change in accounting policy with the following effects:

3. CHANGE IN ACCOUNTING POLICIES (continued)

Effects on Statement of Financial Position as at June 30, 1998 ($000's)

Due from the Province of Manitoba	
Record Province's liability for retirement severance as at March 31, 1998	$ 5,185
Accounts payable and accrued liabilities	
Record liability for severance as at March 31, 1998	$ 5,185
Adjustment for change in liability to June 30, 1998	(31)
	$ 5,154
Net assets	
Unrestricted	
Reduction in severance expense for the year	$ 31

The accrual of severance expense in the 1999 fiscal year increased expenses by $138.

b) During the year, the College identified certain scholarship contributions that had been intended by donors to be endowment gifts, but had, in fact, been recorded in prior years as monies held in trust as part of deferred contributions. Consequently, the College has corrected the classification of these contributions by increasing net assets restricted for endowments and decreasing deferred contributions at June 30, 1997 and 1998 by $239 and $139 respectively.

4. CHANGE IN ACCOUNTING ESTIMATES

a) *Amortization of capital assets*

During the year, the College revised the period of amortization for computer equipment. Previously, all furniture and equipment, including computer equipment, was amortized over five years. Computer equipment is now being amortized over three years. This change has resulted in an increase in the current year amortization of capital assets of $1,732.

b) *Amortization of deferred capital contributions*

As a result of the revision in the period of amortization for computer equipment, the College has also revised the amortization period for deferred capital contributions relating to computer equipment. This change has resulted in an increase in current year amortization of deferred contributions of $942.

5. CASH AND SHORT TERM INVESTMENTS

	1999	1998
Bank Indebtedness	$ (1,208)	$ (368)
Cash (line of credit)	9	(158)
Short term investments	1,388	2,719
	$ 189	$ 2,193

The College has a $5,000 operating line of credit with the Province of Manitoba.

Short term investment activity is transacted with the Department of Finance, Province of Manitoba in short term deposits.

6. PREPAID EXPENSES

	1999	1998
Property taxes	$ 1,161	$ 950
Accommodation cost recovery program	-	702
Deferred program development costs	266	-
Other	620	686
	$ 2,047	$ 2,338

7. CAPITAL ASSETS

	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment & furniture	$ 5,275	$ 2,932	$ 2,343	$ 1,825
Computer equipment	11,623	8,022	3,601	4,606
Major renovations	1,806	75	1,731	-
Vehicles	11	-	11	-
Leasehold improvements	106	35	71	85
Construction in progress	200	-	200	417
Artwork	1,662	-	1,662	1,662
Library holdings	1,223	-	1,223	1,223
	$ 21,906	$ 11,064	$ 10,842	$ 9,818

7. CAPITAL ASSETS (continued)

The increase in net book value of capital assets is due to the following:

	1999	1998
Balance, beginning of year	$ 9,818	$ 7,425
Purchase of capital assets funded by deferred capital contributions	1,499	1,391
Purchase of capital assets funded by deferred building campaign contributions	562	174
Purchase of capital assets internally funded	2,659	2,700
Loss (gain) on disposal of capital assets	-	(7)
Amortization of capital assets	(3,696)	(1,865)
	$ 10,842	$ 9,818

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1999	1998
Trade payables	$ 956	$ 2,820
Accrued salaries and benefits	559	1,681
Accrued retirement severance pay	5,394	5,154
Accommodation cost recovery program	772	-
Accrued vacation pay	4,409	4,263
	$ 12,090	$ 13,918

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent the portion of the provincial operating grant that pertains to expenditures of the following year and donations for various scholarships, bursaries and other specific purposes to be paid out in future years.

	1999	1998
Deferred provincial operating grant		
Balance, beginning of year	$ -	$ -
Amount recognized as revenue during the year	-	-
Amount received related to following year	387	-
Balance, end of year	387	-
Deferred other contributions		
Balance, beginning of year	313	178
Amount recognized as revenue during the year	(200)	(182)
Amount received related to following year	534	317
Balance, end of year	647	313
	$ 1,034	$ 313

10. DEFERRED CAPITAL CAMPAIGN CONTRIBUTIONS

Deferred capital campaign contributions represent the donations received to date under the College's VIP campaign to renovate one of the buildings on campus. The donations are being amortized on the same basis as the renovations to the building. The changes in the deferred capital campaign contributions balance are as follows:

	1999	1998
Balance, beginning of year	$ 204	$ 30
Less: Amortization of deferred capital campaign contributions during the year	(38)	
Add: Donations received during the year	562	174
Balance, end of year	$ 728	$ 204

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants, donations and other revenue received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	1999	1998
Balance, beginning of year	$ 3,965	$ 3,777
Less: Amortization of deferred contributions	(2,233)	(1,203)
Add: Contributions received for capital purposes	1,499	1,391
Balance, end of year	$ 3,231	$ 3,965

12. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	1999	1998
Capital assets	$ 10,842	$ 9,818
Less: Amounts financed by deferred building campaign contributions	(728)	(204)
Deferred capital contributions	(3,231)	(3,965)
Balance, end of year	$ 6,883	$ 5,649

12. INVESTMENT IN CAPITAL ASSETS (continued)

The change in investment in capital assets is calculated as follows:

	1999	1998
Purchase of capital assets internally financed	$ 2,659	$ 2,700
Amortization of capital assets	(3,696)	(1,865)
Amortization of deferred capital contributions	2,233	1,203
Amortization of deferred capital campaign contributions	38	-
Loss on disposals of capital assets	-	(7)
Increase in investment in capital assets	$ 1,234	$ 2,031

13. RESTRICTIONS ON NET ASSETS

Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on these resources is externally restricted to provide various scholarships, bursaries and other expenditures of future years.

The College's Board of Governors has internally restricted $800,000 as a reserve against future contingencies.

14. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	1999	1998
Increase in marketable securities	$ (76)	$ -
(Increase) decrease in accounts receivable	(643)	816
(Increase) decrease in inventory	(172)	364
Decrease (increase) in prepaid expenses	291	(389)
(Decrease) increase in accounts payable	(1,828)	418
Increase in deferred revenue	1,119	257
(Decrease) increase in non-cash working capital	$ (1,309)	$ 1,466

15. COMMITMENTS

The College leases classroom and office space in Winnipeg, Portage La Prairie, Steinbach and Winkler, Manitoba. The College has also contracted for services, as well as leased certain computer and other equipment. Minimum annual lease and contractual commitment payments for accommodation, services, construction costs and equipment, in aggregate, for each of the next five years, are as follows:

2000	$ 3,024
2001	1,551
2002	556
2003	214
2004	-

16. PENSION COSTS AND OBLIGATIONS

The College's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for College employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participation in the pension plan by the College and its employees.

17. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of suppliers or other third parties, will be fully resolved.

18. CHARITABLE STATUS

The College is a registered charity under the Income Tax Act.

19. NAME CHANGE

During the year, the College's legal name was changed from "The Board of Governors of Red River Community College" to " The Board of Governors of Red River College". The College will operate its business under the name Red River College of Applied Arts, Science and Technology.

20. COMPARATIVE FIGURES

Certain of the comparative figures, which were audited by another firm of chartered accountants, have been reclassified to conform to the financial statement presentation adopted for 1999.

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Touche

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AUDITORS' REPORT

To the Board of Directors of
Brandon Regional Health Authority Inc.

We have audited the consolidated statement of financial position of Brandon Regional Health Authority Inc. as at March 31, 2000 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Brandon Regional Health Authority Inc. as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Winnipeg, Manitoba
August 18, 2000

Brandon Regional Health Authority
Consolidated Statement of Financial Position

March 31		2000	1999
ASSETS			
CURRENT			
Cash	$	3,344,777	4,717,446
Accounts receivable (Note 3)		5,862,720	8,746,333
Inventories		1,170,735	1,086,082
Prepaid expenses		871,900	663,123
Deferred charges (Note 4)		4,355,968	5,247,473
		15,606,100	20,460,457
INVESTMENTS (Note 5)		3,101,741	3,294,315
CAPITAL ASSETS (Note 6)		52,376,315	43,764,125
OTHER ASSETS		4,216,003	3,757,204
	$	75,300,159	71,276,101
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	$	5,228,419	11,357,063
Accrued benefit entitlements		4,355,968	5,247,473
Bank advances		22,000,561	14,787,478
Other liabilites		2,262,656	3,129,848
Current portion of long term debt (Note 7)		335,476	270,033
		34,183,080	34,791,895
LONG TERM DEBT (Note 7)		11,914,941	10,539,559
DEFERRED CONTRIBUTIONS (Note 8)			
Expenses of future periods		596,713	381,327
Capital assets		18,145,702	15,153,914
		18,742,415	15,535,241
NET ASSETS			
Invested in capital assets (Note 9)		4,882,600	3,133,523
Internally restricted		5,065,532	6,736,354
Unrestricted		511,591	539,529
		10,459,723	10,409,406
COMMITMENTS AND CONTINGENCIES (Note 10)			
	$	75,300,159	71,276,101

The notes are an integral part of the financial statements

Brandon Regional Health Authority
Consolidated Statement of Operations

For the year ended March 31	2000 Actual	1999 Actual
REVENUE		
Manitoba Health operating income	$	$
Income as per Rate Recommendation (excluding funding related to Capital)	86,564,930	71,552,843
Recovery/(Repayment) of Non Global Items	441,977	(93,825)
Deferral of Manitoba Health Income	(164,643)	-
Other Manitoba Health Income	1,605,998	9,258,530
Deficit Recoverable From Manitoba Health	2,750,562	-
Non-insured income	5,801,001	5,615,375
Other Income	3,836,894	3,723,946
Amortization of deferred contributions	4,171,449	3,798,155
Ancillary revenue	3,118,929	2,419,887
	108,127,097	96,274,911
EXPENSES		
Acute Care services (Note 12)	62,431,325	55,320,089
Long Term Care Services	16,305,561	15,114,392
Medical Remuneration - All Programs	4,905,281	5,001,361
Community Services Administration	1,603,412	1,203,952
Community Based Mental Health Services	6,426,098	6,350,389
Community Based Home Care Services	2,655,990	2,599,066
Community Based Health Services	2,171,978	1,553,799
Land Ambulance	201,900	201,912
RHA Administration Costs	1,364,104	1,049,430
Amortization of capital assets	4,520,210	3,338,156
Interest on long term debt	1,750,391	1,590,668
Other operating expenses	1,066,948	645,121
Ancillary expenses	2,673,582	1,554,791
	108,076,780	95,523,126
Excess of revenue over expenses for the year (Note 12)	$ 50,317	$ 751,785
ALLOCATION OF EXCESS FROM OPERATIONS:		
Investment in Capital Assets - Manitoba Health Activities	$ (464,569)	$ (471,448)
Investment in Capital Assets - Non Manitoba Health Activities	(394,229)	-
Internally Restricted - Non Manitoba Health Activities	390,900	750,672
Unrestricted - Non Manitoba Health Activities	518,215	472,561
	$ 50,317	$ 751,785

The notes are an integral part of the financial statements

Brandon Regional Health Authority
Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2000

	Invested In Capital Assets	Internally Restricted	Unrestricted	2000 Total	1999 Total
BALANCE, beginning of year (Note 12)	$ 3,133,566	$ 6,736,354	$ 539,486	$ 10,409,406	$ 9,657,621
Excess of revenue over expenses (Note 12)	(858,798)	390,900	518,215	50,317	751,785
Net change in investment in capital assets	2,607,832	(2,061,722)	(546,110)	-	-
BALANCE, end of year (Note 12)	$ 4,882,600	$ 5,065,532	$ 511,591	$ 10,459,723	$ 10,409,406

Brandon Regional Health Authority
Consolidated Statement of Cash Flows

For the year ended March 31	2000
OPERATING ACTIVITIES	
Excess of revenue over expenses	50,317
Items not affecting cash	
Amortization of capital assets	4,520,210
Amortization of deferred contributions related to expenses of future periods	(510,037)
Amortization of deferred contributions related to capital assets	(3,661,623)
Changes in non-cash operating working capital items	(4,566,021)
	(4,167,154)
FINANCING ACTIVITIES	
Increase in deferred contributions related to expenses of future periods	725,423
Increase in deferred contributions related to capital assets	6,290,719
Increase in bank advances	8,468,140
Repayment of bank advances	(1,255,058)
Increase in long term debt	1,500,000
Repayment in long term debt	(59,175)
	15,670,049
INVESTING ACTIVITIES	
Purchase of capital assets	(12,609,339)
Increase in other assets	(458,799)
Decrease in investments	192,574
	(12,875,564)
DECREASE IN CASH	(1,372,669)
CASH, BEGINNING OF YEAR	4,717,446
CASH, END OF YEAR	3,344,777

Note: 1999 was the first year of consolidated operations for the Brandon Regional Health Authority. There was no Statement of Cash Flows for that year, therefore there are no comparative figures.

1 PURPOSE OF THE ORGANIZATION

The Brandon Regional Health Authority ("Authority") was incorporated under the laws of Manitoba on January 6,1997. The Authority commenced activity on April 1, 1998. The Authority is principally involed in providing health care services to the community of Brandon and surrounding regions. The Authority is a registered charity under the Income Tax Act and accordingly exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) *Basis of Reporting*

The Authority provides health care services through devolved and contract facilities. All significant inter divisional transactions of these organizations have been eliminated.

The assets, liabilities, and operations of the following devolved organizations have been included in these financial statements:

Brandon Regional Health Centre
Child and Adolescent Treatment Centre
Community and Home Care Health Services
Community Mental Health Services
Fairview Home
Rideau Park Personal Care Home
Westman Laundry

The health care services provided by the contract facilities are delivered under the control of the Authority as the major funder. The financial position and results of operations of these related organizations (Dinsdale Personal Care Home and Westman Regional Laboratory) have not been consolidated. Instead a summary of their financial information has been included in these notes.

b) *Revenue recognition*

The Authority follows the deferral method of accounting for contributions which include donations and government grants.

2 SIGNIFICANT ACCOUNTING POLICIES

b) *Revenue recognition (Continued...)*

Under the Health Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2000.

Unrestricted contributions are recognized as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contrtibutions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

c) *Contributed services*

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

d) *Inventories*

Inventories are valued at a modified average cost, except pharmacy inventory which is valued at the actual cost using the first in, first out method.

e) *Investments*

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

2 SIGNIFICANT ACCOUNTING POLICIES

f) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and Maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value.

Capital assets, excluding vehicles are amortized on a straight-line basis using the following annual rates:

Land improvements	4%
Buildings	2.5%
Building service equipment	4%
Major equipment	5% - 20%
Equipment under capital leases	10% - 20%

Vehicles are amortized an a declining balance basis using 30% as the annual rate.

g) *Compensated absences*

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Authority's benefit plans for vacation and pre-retirement allowances.

3 ACCOUNTS RECEIVABLE

	2000	1999
Ministry of Health		
Deficits Recoverable	$ 1,986,341	$ 2,278,401
Other Operations	94,114	1,172,465
Outstanding Commitments	1,738,498	3,129,490
	3,818,953	6,580,356
Patients	218,512	148,238
Government of Canada - Goods and Services Tax	464,174	780,553
Sundry	1,405,687	1,255,626
	5,907,326	8,764,773
Less allowance for doubtful accounts	(44,606)	(18,440)
	$ 5,862,720	$ 8,746,333

4 DEFERRED CHARGES

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Authority's benefit plans for vacation and pre-retirement allowances. In addition it is the policy of the Authority to record the accrued liability for these costs and the related amount receivable from Manitoba Health in the statement of financial position.

5 INVESTMENTS

	2000	
	Cost	Fair Value
Government of Canada Bonds	$ 200,000	$ 200,000
Other Bonds	1,238,191	1,274,916
GICs	1,644,474	1,644,474
Equities	19,076	19,071
	$ 3,101,741	$ 3,138,461

	1999	
	Cost	Fair Value
Government of Canada Bonds	$ 200,000	$ 200,000
Other Bonds	1,186,823	1,219,867
GICs	1,891,382	1,891,382
Equities	16,110	16,110
	$ 3,294,315	$ 3,327,359

The fair value of the investments is based on the year end quoted market bid price.

6 CAPITAL ASSETS

	2000		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 2,746,423	$ 588,890	$ 2,157,533
Buildings	52,604,887	15,401,125	37,203,762
Building service equipment/equipment	35,215,105	25,487,704	9,727,401
Work in Progress	3,287,619	-	3,287,619
	$ 93,854,034	$ 41,477,719	$ 52,376,315

	1999		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 1,954,879	$ 543,660	$ 1,411,219
Buildings	38,823,812	14,113,901	24,709,911
Building service equipment/equipment	30,500,409	22,823,009	7,677,400
Work in Progress	9,965,595	-	9,965,595
	$ 81,244,695	$ 37,480,570	$ 43,764,125

7 LOANS AND MORTGAGES PAYABLE

	2000	1999
School of Nursing Building 5.75% mortgage, repayable $27,241 semi-annually including interest, maturing 2019. The mortgage is secured by land and buildings.	$ 624,795	$ 642,580
Fairview Home 6% mortgage. repayable $3,907 monthly, including interest, maturing 2018. The mortgage is secured by land and buildings.	523,525	541,345
Fairview Home 7 1/2% mortgage, repayable $2,778 monthly, including interest, maturing 2023. The mortgage is secured by land and buildings.	367,604	375,667

7 LOANS AND MORTGAGES PAYABLE (continued...)

	2000	1999
Fairview Home 10 1/8%, sinking fund debenture, repayable $97,318 monthly, including interest, maturing 2008. The indenture documentation assigns the subsidies provided by Manitoba Health for payment of the debenture.	9,250,000	9,250,000
City of Brandon 6.5% loan, repayable $159,529 annually, including interest, maturing 2015.	1,484,493	-
	12,250,417	10,809,592
Less current portion	(335,476)	(270,033)
	$ 11,914,941	$ 10,539,559

Principal payments due in the next five years are as follows:

2000 -	$ 335,476
2001 -	344,277
2002 -	351,498
2003 -	359,180
2004 -	367,356

8 DEFERRED CONTRIBUTIONS

a) *Expenses of future periods*

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment and construction projects.

	2000	1999
Balance, beginning of year	$ 381,327	$ 600,875
Add amount received	725,423	711,900
Less amount amortized to revenue in the year	(510,037)	(931,448)
Balance, end of year	$ 596,713	$ 381,327

8 DEFERRED CONTRIBUTIONS (continued...)

b) *Capital assets*

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

		2000		1999
Balance, beginning of year	$	15,153,914	$	11,452,475
Additional contributions received		6,653,200		6,568,147
Less amounts amortized to revenue		(3,661,412)		(2,866,708)
Balance, end of year	$	18,145,702	$	15,153,914

9 INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

		2000		1999
Capital assets	$	52,376,315	$	43,764,125
Funds held by Manitoba Health		4,216,003		3,757,204
Amounts financed by:				
Deferred contributions		(18,145,702)		(15,153,914)
Loan and mortgage payable		(33,564,016)		(29,233,892)
	$	4,882,600	$	3,133,523

10 COMMITMENTS AND CONTINGENCIES

The Authority is subject to individual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Authority.

11 PENSION PLAN

Substantially all of the employees of the Authority are members of the Health Employees Pension Plan (HEPP), which is a multi-employer defined benefit pension plan. HEPP plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provides the highest earnings. Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by HEPP by placing plan assets in trust and through HEPP investment policy.

The most recent actuarial valuation of the Plan at December 31, 1998 indicates the Plan is fully funded. The Civil Service Superannuation Plan is unfunded and requires no contributions by the Authority.

12 PRIOR YEAR ADJUSTMENT

During the current year it was discovered that an amount of $126,689 payable to Westman Laboratory Inc. was not recorded at March 31, 1999. Accordingly, the March 31, 1999 comparative financial statements have been adjusted retroactively to reflect the correction.

13 NON-DEVOLVED FACILITIES

The Authority has a contract arrangement with The Salvation Army Dinsdale Personal Care Home, which provides long term care in the community of Brandon. In addition, the organization carries out the charitable, educational, religious and other benevolent objects and purposes of the Salvation Army. The organization is a registered charity under the Income Tax Act.

The Authority also has the responsibility of providing management services to Westman Regional Laboratory Inc. ("Westman Lab"). Westman Lab provides laboratory services to a number of health care providers in Manitoba, including the Brandon Regional Health Authority. The Majority of Westman Lab's revenue is from the Ministry of Health, via the Brandon Regional Health Authority.

The Authority does recognize that since there is economic dependence of both Dinsdale Personal Care Home and Westman Lab on the Authority, accounting control does exist between the Authority and these organizations. In light of this, Management of the Authority has provided a financial summary of these organizations, as opposed to consolidating their financial information with that of the Authority. Financial statements of Dinsdale Personal Care Home and Westman Lab are available upon request.

13 NON-DEVOLVED FACILITIES (continued...)

The Salvation Army Dinsdale Personal Care Home

	2000	1999
FINANCIAL POSITION		
Total assets	$ 3,056,632	$ 3,155,339
Total liabilities	$ 2,725,579	$ 2,982,522
Total net assets	331,053	172,817
	$ 3,056,632	$ 3,155,339
RESULTS OF OPERATIONS		
Total revenues	$ 2,490,301	$ 2,460,514
Total expenses	(2,489,692)	(2,419,253)
Net operating shortfall	$ 609	$ 41,261

Westman Regional Laboratory Services Inc.

	2000	1999
FINANCIAL POSITION		
Total assets	$ 3,421,381	$ 2,328,172
Total liabilities	$ 3,388,932	$ 2,295,723
Total net assets	32,449	32,449
	$ 3,421,381	$ 2,328,172
RESULTS OF OPERATIONS		
Total revenues	$ 8,437,443	$ 8,066,401
Total expenses	(9,201,664)	(8,193,095)
Net operating shortfall (Recoverable from Manitoba Health)	$ (764,221)	$ (126,694)

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

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Auditors' Report

To the Board of Directors
BURNTWOOD REGIONAL HEALTH AUTHORITY INC.

We have audited the balance sheet of BURNTWOOD REGIONAL HEALTH AUTHORITY INC. as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Burntwood Regional Health Authority Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Burntwood Regional Health Authority Inc. as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 19, 2000

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Balance Sheet

March 31	2000	1999
Assets		
Current Assets		
Cash and bank	$ -	$ 1,290,532
Deferred benefit entitlements (Note 1)	1,665,381	1,505,069
Accounts receivable (Note 2)	1,423,919	1,197,360
Due from Manitoba Health (Note 3)	1,136,773	1,005,561
Inventories	404,138	378,993
Prepaid expenses	182,752	93,143
	4,812,963	5,470,658
Capital assets (Note 4)	19,422,774	18,152,559
Deferred charges	2,648	3,370
	$ 24,238,385	$ 23,626,587
Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness (Note 5)	$ 941,771	$ -
Accounts payable and accrued liabilities	2,032,545	2,334,387
Accrued benefit entitlements (Note 1)	1,665,381	1,505,069
Current portion of long-term debt (Note 6)	256,200	477,952
Current portion of capital lease obligations (Note 7)	30,100	29,347
	4,925,997	4,346,755
Long-term debt (Note 6)	4,382,218	4,638,418
Capital lease obligations (Note 7)	101,942	134,094
Deferred capital asset grants (Note 8)	7,553,627	5,845,765
Deferred revenue (Note 9)	444,566	62,564
	17,408,350	15,027,596
Net Assets		
Net assets invested in capital assets	6,951,238	7,317,969
Net assets internally restricted	580,048	239,046
Unrestricted net assets	(701,251)	1,041,976
	6,830,035	8,598,991
	$ 24,238,385	$ 23,626,587

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Statement of Changes in Net Assets

For the year ended March 31, 2000

	Invested in Capital Assets	Restricted Donations	Unrestricted	2000	1999
Balance, beginning of year as previously reported	$ 7,317,969	$ 239,046	$ 1,041,976	$ 8,598,991	$ 9,659,194
Reduction in net assets invested in capital assets	-	-	-	-	(899,793)
Balance, beginning of year as restated	7,317,969	239,046	1,041,976	8,598,991	8,759,401
Deficiency of revenue over expenses for the year	(366,731)	-	(1,743,227)	(2,109,958)	(740,191)
Donations received	-	5,901	-	5,901	-
Manitoba Health adjustments	-	-	-	-	483,224
Net transfers from Foundations	-	335,101	-	335,101	96,557
Balance, end of year	$ 6,951,238	$ 580,048	$ (701,251)	$ 6,830,035	$ 8,598,991

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Statement of Operations

For the year ended March 31	2000	1999
Revenue		
Amortization of deferred contributions	$ 366,730	$ 548,442
Ancillary operations	935,813	614,489
Manitoba Health	30,555,171	28,131,143
Patient	368,106	363,124
NPTP recoveries	1,344,083	926,942
Other	896,309	709,695
	34,466,212	31,293,835
Expenses		
Acute care services	16,932,743	15,203,616
Amortization of capital assets	366,730	548,442
Ancillary operations	935,813	614,489
Community based - mental health	450,630	461,220
Community based - home care	947,535	859,154
Community based - health services	2,500,167	2,377,042
Support to seniors	26,519	12,900
Interest on long term debt	288,170	131,303
Land ambulance	227,938	222,330
Medical remuneration	8,614,685	6,742,723
NPTP	4,049,638	3,278,228
Regional health authority	868,871	759,916
	36,209,439	31,211,363
Excess (deficiency) of revenue over expenses before additional amortization of capital assets	(1,743,227)	82,472
Amortization of net assets invested in capital assets	366,731	822,663
Deficiency of revenue over expenses for the year	$ (2,109,958)	$ (740,191)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Statement of Cash Flows

For the year ended March 31	2000	1999
Cash flows from operating activities		
Deficiency of revenues over expenses	$ (2,109,958)	$ (740,191)
Adjustments for		
Amortization of capital assets	733,461	1,371,105
Amortization of deferred contributions	(366,730)	(548,442)
	(1,743,227)	82,472
Changes in non-cash working capital balances		
Lines of credit	-	1,955,795
Current portion of capital lease obligations	753	17,397
Current portion of long-term debt	(221,752)	(6,690)
Accounts receivable	(226,559)	75,817
Due from Manitoba Health	(131,212)	(617,791)
Inventories	(25,145)	(27,849)
Prepaid expenses	(89,609)	386
Accounts payable	(301,842)	(211,261)
	(995,366)	1,185,804
	(2,738,593)	1,268,276
Cash flows from investing and financing activities		
Repayment of long-term debt	(256,200)	33,998
Purchase of capital assets	(2,003,676)	(2,706,765)
Restricted contributions received	2,074,592	990,788
Manitoba Health adjustments	-	483,224
Increase in deferred charges	722	722
Increase (decrease) in capital lease obligations	(32,152)	67,815
Increase in deferred revenue	382,002	62,564
Increase in restricted donations	341,002	96,557
	506,290	(971,097)
Increase (decrease) in cash during the year	(2,232,303)	297,179
Cash and cash equivalents, beginning of year	1,290,532	993,353
Cash and cash equivalents, end of year	$ (941,771)	$ 1,290,532
Represented by		
Cash and bank	$ (946,668)	$ 1,285,473
Temporary investments	4,897	5,059
	$ (941,771)	$ 1,290,532

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Nature and Purpose of Organization

Burntwood Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of Manitoba. The Burntwood Regional Health Authority Inc. is involved in the provision of health care services to persons resident in the Burntwood Region.

The Burntwood Regional Health Authority Inc. is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The Burntwood Regional Health Authority Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as a direct increase in net assets when earned. Unrestricted investment income is recognized as revenue when earned.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Basis of Reporting

These financial statements include the accounts of all controlled not-for-profit organizations of the Burntwood Regional Health Authority Inc. All significant inter departmental transactions have been eliminated.

The assets, liabilities, and operations of the following controlled not-for-profit operations have been included in these financial statements:

Community Health Resource Centre
Community Health Services
Gillam Hospital
Leaf Rapids Health Centre
Lynn Lake Hospital
Northern Consultation Centre
Pikwitonei Nursing Station
Thicket Portage Nursing Station
Thompson General Hospital
Wabowden Nursing Station

The Burntwood Regional Health Authority Inc. also receives funding from independent organizations which organize fund-raising drives in various geographic areas exclusively for the use of the Burntwood Regional Health Authority Inc. or its related entities. The extent of any funding provided by these independent entities is solely at the discretion of the board of directors of the independent entities.

Financial Instruments

The Burntwood Regional Health Authority Inc.'s financial instruments consist of cash, accounts receivable, grants receivable, temporary investments, bank indebtedness, accounts payable, amounts due to (from) Manitoba Health and long-term debt. Unless otherwise noted, it is management's opinion that the Burntwood Regional Health Authority Inc. is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

Inventories

Inventories are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	40 years straight-line basis
Computers	4 years straight-line basis
Equipment	10 years straight-line basis

Assets Under Capital Lease

Assets under capital lease are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:

Equipment	10 years straight-line basis

Net Assets Internally Restricted

Part of the net assets of the Burntwood Regional Health Authority Inc. have been restricted as approved by the Board of Directors or in accordance with the specific directives of donors. Transfers among net asset classes are recorded when approved by the board of directors.

The donation fund includes transactions related to donations and bequests. Expenditures from the donation fund are at the discretion of the Burntwood Regional Health Authority Inc. governing board.

Pension Plans

The Burntwood Regional Health Authority Inc. participates in the Healthcare Employees Pension Plan (Manitoba), a plan made available to all health organizations in Manitoba.

The obligation under the plan is determined using the accrued benefit method reflecting projected benefits for services rendered to date. The computation of the liability for future pension benefits is done annually by the plan's actuaries. The most recent computation, as disclosed in the plan's audited statements as at March 31, 1997, indicated that the net assets of the plan were adequate to meet the obligations calculated by the actuaries.

Employee Benefits

The Burntwood Regional Health Authority Inc. records liabilities for accrued employee benefits in the year in which they are earned. A summary of these benefits follows:

Employees are entitled to compensation for unused vacation credit, unused statutory holiday time, unpaid overtime and pre-retirement leave when they leave the Burntwood Regional Health Authority Inc.'s employ.

1. Deferred Benefit Entitlement

Certain accrued employee benefit costs, including vacation pay, unused statutory holiday pay, unpaid overtime and pre-retirement leave are recorded in accordance with the policy determined by Manitoba Health. This policy is to record the change in the amount of both the accrued liability for these costs and the related amount receivable from Manitoba Health.

2. Accounts Receivable

	2000	1999
Patients receivable	$ 149,213	$ 102,882
Other	1,084,450	639,658
Grants receivable	195,729	459,282
Allowance for doubtful accounts	(5,473)	(4,462)
	$ 1,423,919	$ 1,197,360

3. Due from Manitoba Health

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the balance sheet as a payable due to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Burntwood Regional Health Authority Inc. or repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the balance sheet as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final funding approvals which indicate the portion of the deficit that will be paid to the Burntwood Regional Health Authority Inc. Effective in 1992 the Province of Manitoba implemented a no deficit recovery policy which, subject to an appeal by the Regional Health Authority, stipulates that Manitoba Health will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by Manitoba Health are absorbed by the Regional Health Authority.

Included in the current year's operating deficit is $1,131,923 medical remuneration. It is unknown at this time whether any or all of the out-of-globe deficit will be funded by Manitoba Health.

Differences that may occur on final settlement of approved costs are charged directly to net assets. The amounts due from (to) Manitoba Health are as follows:

	2000	1999
1999/00 Northern Patient Transportation Program deficit	924,793	-
1999/00 Out of Globe surplus	(303,469)	-
1999/00 Midwifery Implementation	30,000	-
1997/98 Year End Settlement	-	271,403
1998/99 Northern Patient Transportation Program deficit	416,523	416,523
1998/99 Out of Globe deficit	68,433	68,433
1998/99 Specialized Equipment	-	238,620
1998/99 Hepatitis B Vaccination Program	-	10,089
1998/99 Rate Recommendation shortfall	493	493
	$ 1,136,773	$ 1,005,561

4. Capital Assets

	2000			1999		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 13,694	$ -	$ 13,694	$ 13,694	$ -	$ 13,694
Buildings	21,458,581	5,000,583	16,457,998	15,073,644	4,464,118	10,609,526
Computers	670,553	355,673	314,880	395,010	180,860	214,150
Equipment	11,207,389	9,073,355	2,134,034	10,413,293	9,051,172	1,362,121
Construction in progress	502,168	-	502,168	5,953,068	-	5,953,068
	$ 33,852,385	$ 14,429,611	$ 19,422,774	$ 31,848,709	$ 13,696,150	$ 18,152,559

5. Bank Indebtedness

The Burntwood Health Authority Inc. has an authorized line of credit bearing interest at the bank's prime rate minus 1/2%. Security provided on this line of credit includes an overdraft borrowing agreement and a Letter of Comfort from Manitoba Health.

6. Long-term Debt

	2000	1999
Loan payable to the Royal Bank of Canada bearing interest at prime minus 1/2% and payments of $6,350 per month plus interest. Security includes an overdraft borrowing agreement and a Letter of Comfort from Manitoba Health.	$ 1,397,732	$ 1,590,957
Loan payable to the Royal Bank of Canada bearing interest at prime minus 1/2% and payments of $15,000 per month plus interest. Security includes an overdraft borrowing agreement and a Letter of Comfort from Manitoba Health	3,240,686	3,525,413
	4,638,418	5,116,370
Amount due within one year included in current liabilities	256,200	477,952
	$ 4,382,218	$ 4,638,418

7. Capital Lease Obligations

	2000	1999
The obligations under capital lease are at rates of 6.0% and 6.5%, are due November 11, 2003 and December 4, 2003 and are repayable in monthly amounts of $1,360 and $1,839 principal and interest respectively.	$ 132,042	$ 163,441
Amount due within one year included in current liabilities	30,100	29,347
	$ 101,942	$ 134,094

The obligations under capital leases are secured by certain plant and office equipment.

The future minimum lease payments for the next 5 years are as follows:

2001	$ 39,933
2002	39,933
2003	39,933
2004	28,568
	148,367
Less imputed interest	16,325
	$ 132,042

At March 31, 2000, the fair value of the obligation under capital lease was $132,042, based on the amount of scheduled future cash flows through the lease term, discounted using estimated market discount rates that reflect the credit and interest rate inherent in the lease.

8. Deferred Capital Asset Grants

Deferred capital grants represent restricted capital funding received from the Manitoba Health for the purchase of depreciable capital assets.

Changes in the deferred capital grant balances during the year are as follows:

	2000	1999
Beginning balance	$ 5,845,765	$ 5,403,419
Add amount received in the current year	2,074,592	990,788
Less amount amortized to revenue in the year	(366,730)	(548,442)
	$ 7,553,627	$ 5,845,765

9. Deferred Revenue

Deferred revenues consist of Manitoba Health funding for various programs received in the current fiscal year. This allocation of funding is recognized as revenue when program expenses are incurred.

10. Contingencies

Certain lawsuits have been filed against the Burntwood Regional Health Authority Inc. for incidents which arose in the ordinary course of business. In the opinion of management the outcome of the lawsuits now pending is not determinable. Should any loss result from the resolution of these claims, such loss would be charged to operations in the year of resolution.

11. Economic Dependence

The Burntwood Regional Health Authority Inc. received 85% of its total revenue for the year ended March 31, 2000 from Manitoba Health.

12. The Year 2000 Issue

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

Chapman
& Verwey
CHARTERED ACCOUNTANTS

201 Bell Building
32 Tupper Street North
Portage la Prairie, Manitoba
R1N 1W8

AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of Churchill RHA Inc. as at March 31, 2000 and the statements of operations, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the RHA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We did not attend the physical inventory taking at March 31, 2000 and March 31, 1999, and we were unable to satisfy ourselves as to the inventory quantities by other audit procedures. Accordingly, we are unable to determine whether any adjustments might be necessary to opening and closing inventory, revenue and expenditures and net assets.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to examine the inventory quantities referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the RHA as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Chapman & Verwey

Chartered Accountants

Portage la Prairie, Manitoba

July 26, 2000

CHURCHILL RHA INC.

Statement of Financial Position

March 31, 2000, with comparative figures for 1999

	2000	1999
Assets		
Current assets:		
Cash	$ 51,500	$ 49,699
Accounts receivable	352,917	373,972
Goods and services tax recoverable	38,280	40,064
Receivable from Manitoba Health (note 3)	1,102,271	288,292
Inventory	345,634	259,595
Prepaid expenses	20,840	44,261
	1,911,442	1,055,883
Capital assets, net (note 4)	1,897,500	1,319,404
	$ 3,808,942	$ 2,375,287

	2000	1999
Liabilities and Net Assets		
Current Liabilities:		
Bank indebtedness (note 5)	$ 515,153	$ 181,098
Accounts payable and accrued liabilities	855,218	367,922
Accrued benefit entitlements	178,259	176,226
Staff housing security deposits	8,767	6,999
Payable to Manitoba Health (note 6)	28,774	28,774
Payable to Churchill RHA Health & Healing Foundation Inc. (note 13)	9,803	11,261
Current portion of obligation under capital lease	14,744	13,500
	1,610,718	785,780
Obligation under capital lease (note 7)	51,572	65,843
Deferred contributions (note 8)	1,592,104	1,011,767
	3,254,394	1,863,390
Net assets:		
Invested in capital assets (note 9)	225,489	237,533
Externally restricted - donations (note 10)	21,007	19,910
Externally restricted - separately funded programs (note 10)	119,935	217,603
Unrestricted	188,117	36,851
	554,548	511,897
Commitments and contingencies (note 12)		
	$ 3,808,942	$ 2,375,287

See accompanying notes to financial statements.

CHURCHILL RHA INC.

Statement of Operations

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Revenue:		
Manitoba Health funded:		
Hospital	$ 4,262,121	$ 3,616,072
Diagnostic services	412,933	302,600
Medical clinic	287,740	280,807
Dental clinic	275,164	222,934
Community services	688,379	540,320
Addictions program	57,000	57,430
Northern patient transportation program	477,979	542,751
Land ambulance	139,603	88,515
Home care	41,529	28,508
Amortization of deferred contributions	229,000	186,758
Other Income	75,145	120,410
	6,946,593	5,987,105
Separately funded programs:		
Churchill Child and Family services	235,656	131,038
Receiving home	179,471	258,636
Nunavut services	101,243	98,814
	516,370	488,488
Ancillary income, net (schedule)	107,966	61,675
	7,570,929	6,537,268
Expenditures:		
Manitoba Health funded:		
Hospital	4,420,778	3,739,276
Diagnostic services	447,102	371,992
Medical clinic	348,102	315,164
Dental clinic	234,025	203,966
Community services	734,485	676,512
Addictions program	46,355	57,077
Northern patient transportation program	587,230	573,306
Land ambulance	97,195	99,142
Home care	44,525	28,888
Regional health authority administrative costs	121,326	138,088
Amortization of capital assets	289,065	238,222
Interest on long-term debt	1,929	605
Interest on obligation under capital lease	6,648	3,567
	7,378,765	6,445,805
Separately funded programs:		
Churchill Child and Family services	263,701	138,694
Receiving home	249,094	284,398
Nunavut services	101,243	98,814
	614,038	521,906
	7,992,803	6,967,711
Excess of expenditures over revenue before other income	(421,874)	(430,443)
Other income:		
Prior years deficit funding	464,525	–
Excess of revenue (expenditures)	$ 42,651	$ (430,443)

See accompanying notes to financial statements.

CHURCHILL RHA INC.

Statement of Changes in Net Assets

Year ended March 31, 2000, with comparative figures for 1999

	Invested in Capital Assets	Externally Restricted - Donations	Externally Restricted - Separately Funded Programs	Unrestricted	2000 Total	1999 Total
Balance, beginning of year	$ 237,533	$ 19,910	$ 217,603	$ 36,851	$ 511,897	$ 942,340
Excess of revenue (expenditures)	(60,065)	1,097	(131,265)	232,884	42,651	(430,443)
Investment in capital assets	48,021	–	–	(48,021)	–	–
Deficiency of revenue over expenditures in Children's Centre (note 14)	–	–	33,597	(33,597)	–	–
Balance, end of year	$ 225,489	$ 21,007	$ 119,935	$ 188,117	$ 554,548	$ 511,897

See accompanying notes to financial statements.

CHURCHILL RHA INC.

Statement of Cash Flows

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operating activities:		
Excess of revenue (expenditures)	$ 42,651	$ (430,443)
Items not involving cash:		
Amortization of capital assets	289,065	238,222
Amortization of deferred contributions	(229,000)	(186,758)
	102,716	(378,979)
Net change in non-cash operating working capital:		
Accounts receivable	21,055	(133,382)
Goods and services taxes recoverable	1,784	(25,473)
Receivable from Manitoba Health	(813,979)	(86,223)
Inventory	(86,039)	(11,750)
Prepaid expenses	23,421	(23,811)
Accounts payable and accrued liabilities	487,296	(69,741)
Accrued benefit entitlements	2,033	28,406
Staff housing security deposits	1,768	(1,781)
(Decrease) increase in payable to Churchill RHA Health & Healing Foundation Inc.	(1,458)	11,261
	(364,119)	(312,494)
	(261,403)	(691,473)
Financing and investment activities:		
Additions to capital assets	(867,161)	(446,163)
Deferred contributions	809,337	268,772
(Decrease) increase in capital lease obligation, net of repayments	(13,027)	38,607
Bank loan principal repayments	–	(18,878)
	(70,851)	(157,662)
Decrease in cash position	(332,254)	(849,135)
Cash position, beginning of year	(131,399)	717,736
Cash position, end of year	$ (463,653)	$ (131,399)
Cash position is comprised of the following:		
Cash	$ 51,500	$ 49,699
Bank indebtedness	(515,153)	(181,098)
	$ (463,653)	$ (131,399)

See accompanying notes to financial statements.

CHURCHILL RHA INC.

Notes to Financial Statements

Year ended March 31, 2000

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1. General:

Churchill RHA Inc. was incorporated in 1996 under the Corporations Act of Manitoba as a Corporation without share capital. Churchill RHA Inc. is the regional health authority for the Churchill Health Centre. The RHA provides hospital and social service facilities to Churchill and the surrounding area, including eight communities in the Kiviliq Region. The RHA is a registered charitable organization under the Income Tax Act.

2. Significant accounting policies:

(a) Accounting for operations:

Funding is provided by Manitoba Health on an expense recovery basis for out of globe expenditures including debt principal repayment and interest expense. In addition, Manitoba Health funds any shortfall of out of globe non-insured patient income under budget and conversely retains any excess of non-insured patient income over budget.

Funding provided by Manitoba Health for all other eligible operations is provided in accordance with the approved in-globe budget. The facility is responsible for any in-globe deficits not approved by Manitoba Health, but may retain in-globe surpluses up to a specified maximum (presently at 2% of net in-globe expenses). Additional funding may be provided by Manitoba Health for in-globe expenses not initially included in the budget.

The RHA's operations are subject to an annual review and control by The Province of Manitoba through Manitoba Health which provides the hospital with the majority of its revenue. Adjustments to surplus or deficit upon completion of Manitoba Health's review are charged to the statement of operations in the year Manitoba Health completes their review.

(b) Revenue recognition:

The RHA follows the deferral method of accounting for contributions which include donations and Government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Externally restricted contributions, including capital grants, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income, with the exception of that relating to externally restricted donations, is unrestricted and is recognized as revenue when earned.

(c) Inventories:

Inventories are stated at the lower of cost and net realizable value, using a first-in, first-out basis of calculation.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the RHA's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2.5%
Building service equipment	4% - 10%
Major equipment	6.7% - 20%
Equipment under capital lease	20%
Computers	20%

(e) Separately funded programs:

Adjustments to prior years, if any, resulting from a final review by the funding agency, are charged to the statement of operations in the year the funding agency completes their review.

2. Significant accounting policies (continued):

(f) Accrued benefit entitlements:

Benefit entitlements, which include vacation and pre-retirement leave entitlements, are recorded in the year that the services, to which they relate, are provided. Accrued benefit entitlements are recorded to the extent that a liability exists at the year end.

Funding for the entitlements is provided by Manitoba Health in the period in which the actual vacation pay costs and pre-retirement leave costs are paid, which in the case of vacation pay normally occurs in the subsequent fiscal year.

Accordingly, the cost of estimated accrued benefit entitlements at year end is deferred to enable an appropriate matching of expenses with income received in the subsequent year.

(g) Management estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Receivable from Manitoba Health:

	2000	1999
Accrued benefit entitlements	$ 178,259	$ 176,226
Year 2000 compliance expenditure recoveries	106,547	112,066
Deficit financing – March 31, 1999	284,120	–
Deficit financing – March 31, 2000	435,460	–
Capital asset financing	97,885	–
	$ 1,102,271	$ 288,292

CHURCHILL RHA INC.

4. Capital assets:

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 864,734	$ 515,047	$ 349,687	$ 371,305
Building service equipment	935,656	149,002	786,654	175,418
Major equipment	2,525,550	1,966,223	559,327	546,039
Equipment under capital lease	93,820	42,258	51,562	70,326
Computers	369,098	218,828	150,270	156,316
	$ 4,788,858	$ 2,891,358	$1,897,500	$1,319,404

5. Bank Indebtedness:

Bank indebtedness is secured by Manitoba Health to a maximum of $600,000 in accordance with Section 43(1) of the Regional Health Authorities Act.

6. Payable to Manitoba Health - Manitoba Health programs surplus repayable:

	2000	1999
Surplus repayable - 1998	$ 28,774	$ 28,774
	$ 28,774	$ 28,774

The surplus incurred in 1998 has not yet been reviewed by Manitoba Health. The net amount incurred has been recorded as payable, pending completion of this review.

Amounts owing to Manitoba Health arising as a result of this review are not determinable and could vary materially upon final review.

7. Obligation under capital leases:

The following is a schedule of minimum lease payments under two fixed rate capital leases, expiring March 2002 and March 2003 respectively, together with the balance of the obligation:

2001	$ 20,126
2002	46,054
2003	10,064
Total minimum lease payments	76,244
Less amount representing interest from 8.4% - 9.3%	9,928
Present value of capital lease payments	66,316
Less current portion included in current liabilities	14,744
	$ 51,572

8. Deferred contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Changes in the deferred contribution balance are as follows:

	2000	1999
Balance, beginning of year	$ 1,011,767	$ 929,753
Add contributions received	809,337	268,772
Less amounts amortized to revenue	(229,000)	(186,758)
	$ 1,592,104	$ 1,011,767

9. Invested in capital assets:

Net assets invested in capital assets is determined as follows:

	2000	1999
Capital assets	$ 1,897,500	$ 1,319,404
Cash	23,024	22,216
Less amounts financed by:		
Deferred contributions	(1,592,104)	(1,011,767)
Accounts payable	(36,615)	(12,977)
Obligation under capital lease	(66,316)	(79,343)
	$ 225,489	$ 237,533

10. External restrictions:

(a) Donations:

Donors have placed restrictions on the use of the donations. The most significant restrictions limit the disbursement to the purchase of diagnostic equipment, Children's Centre playground equipment and library materials. Investment income earned on this amount is restricted for the same purposes as the donations.

(b) Separately funded programs:

The various surpluses of the separately funded programs are aggregated and recorded as one figure in the financial statements. They remain designated for the respective separately funded program.

Accumulated surplus - Receiving home	$ 143,347
Accumulated surplus - Family services	(26,160)
Accumulated surplus - Health promotion	2,748
	$ 119,935

11. Pension plan:

Employees of the RHA participate in the Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan.

The RHA's liability under this pension plan is limited to the contributions required during the year under the pension plan agreement.

The RHA's contributions made to the plan during the year amounted to $89,387 (1999 - $78,507) and are included in the statement of operations.

12. Commitments and contingencies:

(a) The nature of the RHA's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2000, management believes the RHA has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the RHA's financial position.

(b) A group of hospitals, including the RHA, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2000.

(c) The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties have been fully resolved.

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13. Related party:

For a portion of the year, all three members of the Board of Directors of the Churchill RHA Health & Healing Foundation Inc. were also members of the eight person Board of Directors of Churchill RHA Inc. The Foundation was incorporated in 1998 under the Corporations Act of Manitoba as a Corporation without share capital.

The purpose of the Foundation is to promote and contribute financially to the general objectives of the RHA and promote education and research in health issues.

The Foundation is a registered charitable organization under the Income Tax Act.

14. Funding agency transfers:

Any excess or deficiency of revenues over expenditures incurred by the Children's Centre, while a separately funded program, is the responsibility of the RHA. As a result, the excess or deficiency of revenue over expenditures incurred by the Children's Centre is to be transferred annually from Externally Restricted - Separately Funded Programs to Unrestricted Net Assets.

15. Financial instruments:

a) Credit risk:

The RHA is exposed to credit risk on the accounts receivable. An allowance for doubtful accounts has been established by the RHA, based upon factors surrounding the credit risk of specific entities, historical trends and other information.

b) Fair value:

Due to the short-term nature of all financial instruments, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so, any difference would be accounted for in the period in which it becomes known.

CHURCHILL RHA INC.

Schedule - Ancillary income (expense)

Year ended March 31, 2000

	2000	1999
Y2K expenses	$ (29,935)	$ –
Children's Centre	(33,597)	(11,430)
Retail pharmacy	149,286	64,944
Gift shop and vending machine income, net	22,200	7,611
Donation revenue	12	550
	$ 107,966	$ 61,675

Parker Tasker Hnatiuk

Chartered Accountants

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Partners R.R. Parker C.A.
T.H. Tasker C.A.
D.C. Hnatiuk C.A.

AUDITORS' REPORT

To the Chairman and Members of the Board of
Interlake Regional Health Authority Inc.

We have audited the consolidated statement of financial position of the Interlake Regional Health Authority Inc. as at March 31, 2000 and the consolidated statements of operations, the consolidated statement of changes in net assets and the consolidated statement of cash flows for the year then ended. These consolidated financial statements are the responsibility of the Regional Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Interlake Regional Health Authority Inc. as at March 31, 2000 and the results of its consolidated operations and the consolidated changes in net assets for the year then ended in accordance with generally accepted accounting principles.

Parker Tasker Hnatiuk

Chartered Accountants

Winnipeg, Manitoba
June 20, 2000

INTERLAKE REGIONAL HEALTH AUTHORITY INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2000

Assets	2000	1999 (note 12)
Current assets		
Cash and savings certificates	$ 7,412,647	$ 6,655,368
Accounts receivable	958,123	1,103,354
Due from Manitoba Health (note 3)	151,688	554,478
Inventories	422,284	371,902
Prepaid expenses	88,842	90,519
Deferred charge vacation and pre-retirement costs (note 2)	2,678,436	2,618,911
	11,712,020	11,394,532
Restricted assets	180,751	200,302
Capital assets (note 4)	32,069,288	30,065,882
	$ 43,962,059	$ 41,660,716

Liabilities, Deferred Contributions and Net Assets

	2000	1999
Current liabilities		
Accounts payable and accrued liabilities	$ 4,450,094	$ 4,544,487
Accrued vacation and pre-retirement pay (note 2)	2,678,436	2,618,911
Current portion of long-term debt	1,170,000	910,000
	8,298,530	8,073,398
Due to Betel Heritage Foundation Inc. (note 5)	293,000	293,000
Long-term debt (note 6)	14,631,044	14,009,535
Deferred contributions (note 7)		
Expenses of future periods	816,559	725,459
Capital assets	14,694,759	15,100,252
	15,511,318	15,825,711
Net assets		
Investment in capital assets	1,254,675	765,010
Internally restricted	528,587	183,989
Externally restricted	659,685	666,685
Unrestricted	2,572,451	1,714,410
Contract facilities	212,769	128,978
	5,228,167	3,459,072
Commitments and contingencies (note 9)		
	$ 43,962,059	$ 41,660,716

INTERLAKE REGIONAL HEALTH AUTHORITY INC.

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999 (note 12)
Revenue		
Manitoba Health	$ 53,639,389	$ 46,451.336
Client out of globe	4,407,529	4,076,585
Offset and other income	2,139.748	1,943,339
Interest	344,598	159,963
Amortization of deferred contributions	2,088,553	1,879.025
Ancillary income	170.542	173.409
	62,790,359	54,683,657
Expenditures		
Acute care	16,285,089	14,774.523
Long-term care	15,122,050	12,745.786
Home based care	9,191,328	9,347,070
Community health	4,857,249	4,224.945
Mental health	2,373,391	2,295,305
Regional undistributed expenses	1,815,722	1,355,270
Diagnostic services	2,636.876	2,508.943
Emergency response and transport	1.854.997	1,532.158
ER physician on-call	1,890,710	1,660.260
Dialysis	280,119	150,522
Chemotherapy	197,975	148.194
Salaried physician program	641,557	741,924
Safety and renovations	390,524	-
Amortization	1.861,938	1.896.500
Year 2000 expenditures	1,502,552	209.949
Ancillary operations operating expenses	147.757	110.562
	61,049,834	53,701,911
Excess of revenues over expenditures	$ 1,740,525	$ 981,746
Allocated as follows:		
Regional services	$ 1,685,304	$ 936,644
Contracted services	55,221	45,102
	$ 1,740,525	$ 981,746

Parker Tasker Hnatiuk
Chartered Accountants

INTERLAKE REGIONAL HEALTH AUTHORITY INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2000

	Investment in Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	2000 Total	1999 Total
Health Facilities						
Balance. beginning of year	$ 765,010	$ 183,989	$ 74,817	$ 1,714,410	$ 2,738,226	$ 1,389,554
Adjustment of prior years balances (note 13)	-	-	591.868	-	591.868	412.028
As restated	765,010	183,989	666,685	1,714,410	3,330,094	1.801.582
Capital assets financed (net of adjustments)	489,665	-	(7,000)	(482,665)	- -	-
Excess of revenue over expense	-	-	-	1,685,304	1.685,304	936.644
Reallocation of interest earned on donation and operating funds	-	344.598	-	(344.598)	-	-
	1.254.675	528.587	659.685	2.572.451	5.015.398	2.738.226
Contract Facilities						
Balance, beginning of year	335,230	8,459	-	(214,711)	128,978	70.670
Funding adjustments of prior years	-	-	-	28,570	28,570	-
Capital assets purchased from unspent contributions	-	-	-	-	-	13.206
Fund transfers	-	(9,918)	-	9,918	-	-
Excess of revenue over expense	(16.420)	1.459	-	70.182	55.221	45.102
	318.810	-	-	(106.041)	212.769	128.978
Balance. end of year	$ 1.573.485	$ 528.587	$ 659.685	$ 2.466.410	$ 5.228.167	$ 2.867.204

INTERLAKE REGIONAL HEALTH AUTHORITY INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Operating activities		
Excess of revenue over expense	$ 1,740,525	$ 981,746
Items not affecting cash		
Amortization	2,104,973	1,896,500
Amortization of deferred contributions	(2,088,553)	(1,869,743)
	1,756,945	1,008,503
Year end settlements/adjustments	-	337,211
Net change in non-cash working capital balances relating to operations	(404,923)	4,141,712
Cash from operations	1,352,022	5,487,426
Investing activities		
Decrease in restricted assets	19,551	47.775
Increase in capital assets - net	(4,091,319)	(4,043,265)
	(4,071,768)	(3,995,490)
Financing activities		
Increase (decrease) in amounts due to Foundations	-	(764.519)
Increase in long-term debt - net	881,509	1,123.681
Increase in deferred contributions - net	2,595,516	2,339,568
	3,477,025	2,698,730
Increase in cash	757,279	4,190,666
Cash and cash equivalents, beginning of year	6,655,368	2,464,702
Cash and cash equivalents, end of year	$ 7,412,647	$ 6,655,368

INTERLAKE REGIONAL HEALTH AUTHORITY INC.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2000

1. Purpose of the organization

Interlake Regional Health Authority Inc. (the "Region") is incorporated and is principally involved in providing health care services to the Interlake region of Manitoba. The Region is a Registered Charity and accordingly is exempt from income taxes provided certain requirements under the Income Tax Act are met.

2. Significant accounting policies

The consolidated financial statements include the operations of two contract facilities, Betel Home, Gimli and Betel Home, Selkirk and have been prepared by management in accordance with generally accepted accounting principles.

a) Revenue recognition

The Region follows the deferral method of accounting for contributions, which includes donations and government grants. Restricted contributions are recognized as income in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Under the Health Insurance Act, the Region is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period in which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. The financial statements reflect agreed arrangements approved by Manitoba Health with respect for the year ended March 31, 2000.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

b) Revenue from the Provincial Insurance Plan, residential charges and marketed services are recognized when the services are provided.

2. Significant accounting policies, cont'd

c) Purchased capital assets are recorded at cost. Contributed capital assets are recorded at net book value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Region's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight line basis using the following rates:

Buildings	-	3.33% and 5%
Equipment	-	10% - 20%
Land improvements	-	5%
Ambulance equipment	-	20%

d) Compensated absences

Compensation expense is accrued to all employees as entitlement to these payments is earned in accordance with the Region's benefit plans for vacation, sick leave and retirement allowances.

e) Deferred vacation and pre-retirement entitlement costs

Accrued vacation pay and pre-retirement leave are deferred and charged to expense as the employees take their corresponding vacation time or are paid the accumulated pre-retirement leave respectively.

f) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

3. Due from Manitoba Health

	2000	1999
Commitments	$ 231,997	$ 747,488
Prior years' adjustments	(296,028)	(193,010)
1999/2000 out-of-globe adjustments and advances	215,719	-
	$ 151,688	$ 554,478

INTERLAKE REGIONAL HEALTH AUTHORITY INC.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2000

4. Capital assets

	2000			1999
	Cost	Accumulated Amortization	Net book Value	Net Book Value
Land (note 11)	$ 185,518	$ -	$ 185,518	$ 185,516
Land improvements	370,102	307,255	62,847	73,024
Buildings	42,690,118	16,012,464	26,677,654	23,372,510
Ambulances	1,163,260	834,496	328,764	232,642
Equipment	8,950,997	5,884,850	3,066,147	2,593,777
Construction in progress	1,748,358	-	1,748,358	3,608,413
	$ 55,108,353	$ 23,039,065	$ 32,069,288	$ 30,065,882

5. Due to Betel Heritage Foundation Inc.

The amount payable to Betel Heritage Foundation Inc. is non-interest bearing with no specified terms of repayment.

6. Long-term debt

	2000	1999
a) Debentures payable	$ 898,500	$ 1,228,600
The debentures bear interest rates varying from 13 5/8% to 15 3/4% per annum, payable semi-annually, with principal payable in annual installments of $330,100.		
b) Mortgages payable	3,710,790	3,835,705
The mortgages bear interest at rates varying from 5.375% to 10.375% per annum and are secured by mortgages on the Region's land and buildings. The mortgages' maturity dates vary from the year 2001 to 2027.		
c) Bank loans	11,191,754	9,855,230
The debt servicing and construction loans bear interest at rates varying from the prime rate less 1/2% to 5.69% per annum and are secured by an assignment of fire insurance, a letter of comfort from Manitoba Health or an assignment of term deposits. The loans' maturity dates vary from 2000 to 2001.		
	15,801,044	14,919,535
Current portion	1,170,000	910,000
	$ 14,631,044	$ 14,009,535

6. Long-term debt, cont'd

Principal payments required over the next five years are as follows:

2001	$ 1,170,000
2002	990,000
2003	994,000
2004	1,007,000
2005	968,000

7. Deferred contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted funds for major repair costs and capital assets.

	2000	1999
Balance, beginning of year		
As previously reported	$ 663,257	$ 663,257
Adjustment of prior year balance	62,202	62,202
As restated	725,459	725,459
Add: Donations received	129,546	-
Funding for reserve for major repairs	26,965	-
	881,970	725,459
Less: Expenditures	(65,411)	-
Balance, end of year	$ 816,559	$ 725,459

INTERLAKE REGIONAL HEALTH AUTHORITY INC.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2000

7. Deferred contributions, cont'd

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year		
As previously reported	$ 14,300,016	$ 14,295,792
Adjustment of April 1, 1997 balances	-	(412,605)
Adjustment of prior years balances	800,236	800,236
As restated	15,100,252	14,683,423
Add: Additional contributions allocated	2,006,998	2,309,060
Less: Amounts amortized to revenue	(2,088,553)	(1,879,025)
Capital assets purchased from unspent contributions	(323,938)	(13,206)
Balance, end of year	$ 14,694,759	$ 15,100,252

c) Externally restricted

	2000	1999
Balance, beginning of year		
As previously reported	$ 1,454,311	$ 1,454,311
Adjustment of prior years	(1,454,311)	(1,454,311)
Balance, end of year	$ -	$ -

8. Investment in capital assets

a) Investment in capital assets is calculated as follows:

	2000	1999
Capital assets	$ 32,069,288	$ 30,065,882
Amounts financed by:		
Deferred contributions	(14,694,759)	(15,100,252)
Long term debt	(15,801,044)	(14,919,535)
Bank loans	-	(3,517)
	$ 1,573,485	$ 42,578

9. Commitments and contingencies

a) The nature of the Region's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2000 management believes the Region has valid defenses and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Region's financial position.

b) A group of Health Corporations including Interlake Regional Health Authority Inc., have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2000.

10. Pension plan

Many of the employees of the Region are members of the Health Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with an average of 6.6% of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 1999 indicates the Plan is fully funded. Contributions to the Plan made during the year by the facility on behalf of its employees amounted to $1,086,941 (December 31, 1998, $974,266) and are included in the consolidated statement of operations.

11. Capital assets - land

The title and ownership of the land on which the Stonewall Health Centre was constructed is jointly held by the four sponsors for the facility, namely:

Town of Stonewall
R. M. of Rosser
R. M. of Woodlands
R. M. of Rockwood

The process of having the title transferred has been initiated but not finalized as of the date of our audit.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

13. Restated balances

Prior years account balances were restated to reflect adjustments made in 2000 to prior years' balances:

	1999 Balance	Restated
Deferred contributions		
Expenses of future periods	$ 663,257	$ 725,459
Capital assets	14,300,016	15,100,252
Externally restricted	1,454,311	-
Net assets - externally restricted	74,817	666,685

14. Revenue - Manitoba Health

	2000	1999
Per rate recommendation	$ 52,757,645	$ 47,972,370
Equipment allocation	(340,100)	(340,100)
Principal funding	(1,076,227)	(871,422)
Reserve for major repairs funding	(26,965)	(26,965)
	51,314,353	46,733,883
Additional Clinic funding	-	(263,971)
Additional program funding received during year	83,954	67,737
Baby First and WIN	143,305	-
Safety and renovations	378,533	-
Year 2000 income	1,503,525	-
Payment (recovery) of Out of Globe items and adjustments	215,719	(32,126)
Previous year end settlement and adjustments	-	(265,035)
Other	-	210,848
	$ 53,639,389	$ 46,451,336

15. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect Interlake Regional Health Authority Inc.'s ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

To the Board of Directors
Marquette Regional Health Authority

AUDITORS' REPORT

We have audited the statement of financial position of Marquette Regional Health Authority as at March 31, 2000 and the statements of operations, changes in net assets, and cash flow for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Marquette Regional Health Authority as at March 31, 2000 and the results of its operations and the changes in its cash flow for the year then ended in accordance with generally accepted accounting principles.

Meyers Norris Penny
Chartered Accountants

Brandon, Manitoba
July 7, 2000

MNP

MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2000

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and investments	376,353	2,714,149
Accounts receivable	2,351,984	883,059
Inventory	796,146	769,925
Prepaid expenses	216,856	306,452
Deferred vacation expenses	2,255,868	1,962,864
	5,997,208	6,636,449
CAPITAL ASSETS (Note 3)	33,110,014	26,855,039
	39,107,221	33,491,488
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	3,031,627	1,943,896
Accrued vacation payable	2,255,868	1,962,864
Current portion of long-term debt (Note 4)	552,553	577,338
	5,840,048	4,484,098
LONG-TERM DEBT (Note 4)	8,322,181	8,718,197
DEFERRED CONTRIBUTIONS (Note 5)	26,100,751	20,312,517
NET ASSETS		
Invested in capital assets	1,326,055	1,078,032
Internally restricted	40,000	-
Externally restricted	19,730	34,150
Unrestricted (deficit)	(2,541,544)	(1,135,506)
	(1,155,759)	(23,324)
	39,107,221	33,491,488

ON BEHALF OF THE BOARD:

.... DIRECTOR

.... DIRECTOR

MNP

MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2000

	Invested in Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	2000 Total	1999 Total
Balance, beginning of year	1,078,032	-	34,150	(1,135,506)	(23,324)	783,389
Excess (deficiency) of revenue over expenses			17,143	(1,158,015)	(1,140,872)	(750,605)
Current year contributions		40,000			40,000	-
Investment in capital assets	312,748			(312,748)	-	
Amortization	(64,725)			64,725	-	
Transfers from (to) deferred contributions					-	(514)
Transfer to MHRC			(31,563)		(31,563)	(55,594)
Balance, end of year	1,326,055	40,000	19,730	(2,541,544)	(1,155,759)	(23,324)

MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
REVENUE		
Manitoba Health operating revenue	39,164,231	35,273,394
Other government departments	213,717	31,533
Non-insured revenue	5,093,530	5,177,043
Other revenue	1,340,836	1,109,755
Amortization of deferred contributions	1,879,215	1,764,181
Vacation entitlement	2,255,868	1,962,864
Ancillary operations	557,974	601,613
	50,505,371	45,920,383
EXPENSES		
Acute care services	14,914,199	14,609,934
Long term care services	16,266,028	16,015,936
Medical remuneration	4,263,276	3,412,068
Diagnostic services	2,042,699	1,958,976
Community therapy services	346,835	412,323
Home care	3,803,480	3,292,269
Community based health services	2,406,219	2,183,345
Land ambulance services	1,015,271	576,644
RHA administration	1,573,941	1,536,852
Amortization of capital assets	1,847,506	1,766,475
Interest on long term debt	370,090	373,117
Vacation entitlement	2,255,868	
Ancillary operations	540,831	533,049
	51,646,244	46,670,988
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(1,140,872)	(750,605)
ALLOCATED		
Externally restricted	17,143	68,564
Unrestricted	(1,[illegible]58,015)	(819,169)
	(1,140,872)	(750,605)

MARQUETTE REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
CASH PROVIDED BY (USED IN):		
OPERATING		
Excess (deficiency) of revenue over expenses	(1,140,872)	(750,605)
Amortization of capital assets	1,912,359	1,834,169
Amortization of deferred contributions	(1,879,215)	(1,764,181)
Net change in non-cash working capital (Note 6)	(317,819)	549,116
	(1,425,547)	(131,501)
INVESTING		
Purchase of capital assets	(8,170,175)	(2,035,562)
Increase (decrease) in deferred contributions	7,667,449	2,398,162
Increase in net assets	11,278	(56,108)
	(491,448)	306,492
FINANCING		
Advances on long-term debt	136,545	10,414,823
Repayment of long-term debt	(557,346)	(11,054,581)
	(420,801)	(639,758)
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	(2,337,796)	(464,767)
CASH, BEGINNING OF YEAR	2,714,149	3,178,916
CASH, END OF YEAR	376,353	2,714,149

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

1. PURPOSE OF THE ORGANIZATION

The Authority is responsible for the planning, coordinating and providing of health services within the geographic area known as the Marquette Region of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles, and include the following significant accounting policies:

REVENUE RECOGNITION

The Authority follows the deferral method of accounting for contributions which include government grants and donations.

The Authority is funded primarily through grants from Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. In accordance with funding arrangements with Manitoba Health, estimated final settlements are accrued in the fiscal period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Where a grant or other restricted contribution is received but relates to expenses of one or more future periods, it is deferred and recognized as revenue in the same period as the related expenses are recognized. Contributions restricted for the purchase of capital assets or to repay a mortgage as a lump sum are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

CAPITAL ASSETS

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Land improvements	2% to 10%
Buildings	2% to 5%
Automotive and other equipment	10% to 20%

INVENTORY

Inventory consists of general stores, pharmacy, linen and other. All inventories are valued at cost on the first in, first out basis.

INVESTMENTS

Investments are recorded at the lower of cost or net realizable value.

EXTERNALLY RESTRICTED ASSETS

The externally restricted net assets are to be held and used for elderly persons housing. These externally restricted amounts are not available for other purposes.

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

3. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	261,580	-	261,580	261,580
Land improvements	744,140	394,176	349,964	329,440
Buildings	29,080,851	10,619,111	18,461,740	18,986,490
Automotive and other equipment	9,385,190	5,524,876	3,860,314	3,528,901
Fully amortized assets	10,111,598	10,111,598	-	-
Construction in progress	8,106,047		8,106,047	1,626,408
Elderly persons housing land improvements, buildings and equipment	3,042,136	971,767	2,070,369	2,122,220
	60,731,543	27,621,528	33,110,014	26,855,039

4. LONG - TERM DEBT

Title of Issue	Interest Rate	Annual Repayment Terms	2000	1999
Birtle Health Services District				
Province of Manitoba - Debenture	15.75%	$34,000 principal plus interest	-	27,000
Canada Mortgage & Housing Corporation - Mortgage	9.625%	$2,571 per month including interest	327,252	329,274
Carberry Plains District Health Centre				
Canada Mortgage & Housing Corporation - Mortgage	8.00%	$1,730 per month including interest	225,971	228,828
Carberry Plains District Health Foundation	0.00%	$15,000 principal	7,500	22,500
Hamiota District Health Centre				
Royal Bank - Flex Finance Bankers' Acceptance	5.73%	$36,000 principal plus interest	220,000	256,000
Royal Bank - Flex Finance Bankers' Acceptance	5.73%	$13,380 principal plus interest	77,000	90,500
Royal Bank - Flex Finance Bankers' Acceptance	5.73%	$21,240 principal plus interest	71,000	92,500

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

4. LONG - TERM DEBT (Continued)

Title of Issue	Interest Rate	Annual Repayment Terms	2000	1999
Royal Bank - Loan - Renovation	Prime		(20,258)	(50,884)
Royal Bank - Loan - Roof Repair	Prime		-	30,246
Canada Mortgage & Housing Corporation - Mortgage	6.25%	$6,515 per month including interest	779,121	806,085
Marquette Regional Health Authority				
Royal Bank - Loan - Minnedosa PCH Fire Alarm System Upgrade	Prime	$8,100 principal plus interest	21,878	29,978
Royal Bank - Loan - Minnedosa PCH Roof Repair	Prime	$8,640 principal plus interest	24,175	37,815
Royal Bank - Specialized Equipment Loan	Variable		195,946	-
Bank of Montreal - Carberry Hospital	Variable		(14,327)	-
Bank of Montreal - Shoal Lake Hospital	Variable		(20,094)	-
Minnedosa Health District				
Canada Mortgage & Housing Corporation - Mortgage	8.00%	$3,109 per month including interest	409,942	414,782
Neepawa District Memorial Hospital				
Royal Bank - Flex Finance Bankers' Acceptance	5.73%	$9,000 per month plus interest	576,000	693,000
Royal Bank - Loan - Renovation	Prime		8,378	(622)
Neepawa and District Elderly and Infirm Persons Housing Corporation Inc				
Canada Mortgage & Housing Corporation - Mortgage	5.75%	$1,876 per month including interest	247,936	256,111
Royal Bank - Flex Finance Bankers Acceptance	5.73%	$10,400 per month plus interest	1,101,000	1,227,000
Royal Bank - Loan - Renovation	Prime		(12,563)	(13,763)

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

4. LONG - TERM DEBT (Continued)

Title of Issue	Interest Rate	Annual Repayment Terms	2000	1999
Riverdale District Health Centre				
Canada Mortgage & Housing Corporation - Mortgage	5.43%	$43,307 per month including interest	437,740	453,456
Rossburn District Health Centre				
Province of Manitoba - Debenture	13.375%	$40,000 principal plus interest	115,000	155,000
Province of Manitoba - Debenture	13.375%	$16,800 principal plus interest	84,000	100,800
Canada Mortgage & Housing Corporation - Mortgage	6.44%	$5,883 per month including interest	735,625	760,764
Russell District Health Centre				
Canada Mortgage & Housing Corporation - Mortgage	7.25%	$2,083 per month including interest	279,855	284,672
Sandy Lake Medical Nursing Home Inc.				
Canada Mortgage & Housing Corporation - Mortgage	7.875%	$2,303 per month including interest	302,233	306,282
Shoal Lake Strathclair Health Centre				
Province of Manitoba - Debenture	13.375%	$10,800 principal plus interest	37,200	48,000
Canada Mortgage & Housing Corporation - Mortgage	7.875%	$2,638 principal including interest	345,403	350,100
Pioneer Lodge Inc				
Canada Mortgage & Housing Corporation - Mortgage	6.00%	$986 per month including interest	130,751	134,705

MARQUETTE REGIONAL HEALTH AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

4. LONG - TERM DEBT (Continued)

Title of Issue	Interest Rate	Annual Repayment Terms	2000	1999
Hamiota District Health Centre Inc - Lilac Residence (East Wing)				
Royal Bank of Canada Mortgage	Prime	$3,252 per month including interest	388,878	402,335
Hamiota District Health Centre Inc - Lilac Residence (North Wing)				
Manitoba Housing & Renewal Corporation - mortgage	7.75%	$5,478 per month including interest	719,786	730,171
Morley House of Shoal Lake - Lakeshore Lodge				
Co-operative Trust Mortgage	7.27%	$2,934 per month including interest	336,767	347,380
Co-operative Trust Mortgage	7.27%	$165 per month including interest	18,990	19,589
Morley House of Shoal Lake EPH				
Canada Mortgage & Housing Corporation - Mortgage	5.375%	$396 per month including interest	51,241	53,207
Riverdale Personal Care Home Inc - Westwood Lodge				
Manitoba Housing & Renewal Corporation - Mortgage	10.75%	$6,478 per month including interest	665,408	672,724
			8,874,734	9,295,535
Less: Current Portion			552,553	577,338
			8,322,181	8,718,197

5. DEFERRED CONTRIBUTIONS

EXPENSES OF FUTURE PERIODS

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment, major repairs, construction and other expenses.

	2000	1999
Balance, beginning of year	3,568,786	3,456,199
Current year contributions	1,401,595	1,254,628
Amount recognized as revenue	(96,435)	(81,689)
Capital assets purchased	(1,477,110)	(475,071)
Capital loan payments	(495,687)	(590,518)
Adjustments	2,688	-
Transfers	(32)	35,513
Transfers to others	(157,938)	(30,276)
Balance, end of year	2,745,867	3,568,786

CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount of funds received for the purchase of capital assets and the lump sum repayment of capital debt. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year	16,743,731	16,222,337
Capital loan payments	489,558	10,987,535
Capital assets purchased	7,921,443	1,665,468
Capital loan advanced		(10,380,028)
Transfers	(17,067)	(69,089)
Amount amortized to revenue	(1,782,781)	(1,682,492)
Balance, end of year	23,354,884	16,743,731
Total Deferred Contributions	26,100,751	20,312,517

6. NET CHANGE IN NON-CASH WORKING CAPITAL

	2,000	1,999
Decrease (increase) in accounts receivable	(1,468,925)	(41,463)
Decrease (increase) in inventory	(26,221)	(111,397)
Decrease (increase) in prepaid expenses	89,596	(47,341)
Decrease (increase) in deferred expenses	(293,004)	(304,076)
Increase (decrease) in accounts payable	1,087,731	749,317
Increase (decrease) in vacation payable	293,004	304,076
	(317,819)	549,116

7. FINANCIAL INSTRUMENTS

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for other financial instruments are disclosed separately in these financial statements.

b) Credit risk

The Board is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the Board's receivables are from Manitoba Health and other agencies. Therefore, the credit risk is felt to be minimal.

c) Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- The carrying amounts of these financial instruments approximate fair value.
    - cash and short term investments
    - accounts receivable
    - accounts payable
    - accrued salaries and vacation payable
    - long term debt
- For investments, the fair value is considered to approximate the recorded cost values.

8. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers or other third parties, have been fully resolved.

KENDALL WALL PANDYA

Chartered Accountants

76 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957

Partners .... David Kendall, FCA
Robert Wall, CA
Manisha Pandya, CA

AUDITOR'S REPORT

To the Chairperson and Board of Directors

We have audited the statement of financial position of NOR-MAN Regional Health Authority Inc. as at March 31, 2000 and the Statements of Operations, Net Assets, Deferred Contributions, and Cash Flow for the year then ended. These financial statements are the responsibility of the Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the NOR-MAN Regional Health Authority Inc. as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Kendall Wall Pandya
Chartered Accountants

Flin Flon, MB
July 4, 2000

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2000

ASSETS

	Notes	2000	1999
CURRENT ASSETS			
Cash		$ 441,339	$ 2,994,632
Accounts receivable	5	1,702,327	1,514,037
Inventories	4d	426,983	418,866
Prepaid expense		51,125	26,772
Deferred charges	4f	5,711,156	4,842,066
CAPITAL ASSETS (Schedule 1)		18,188,818	10,360,603
		$26,521,748	$20,156,976

LIABILITIES

	Notes	2000	1999
CURRENT LIABILITIES			
Accounts payable		$ 657,673	$ 1,252,799
Accrued Benefit Entitlements	4f	5,711,156	4,842,066
Current portion of long-term debt	9	212,030	348,390
LONG-TERM DEBT	9	7,732,298	1,613,729
DEFERRED CONTRIBUTIONS	6		
Expenses of future periods		1,222,558	1,283,278
Capital assets		10,257,683	8,633,044
NET ASSETS			
Invested in capital assets	7	363,870	341,402
Internally restricted	8	52,860	50,556
Unrestricted		311,620	1,791,712
		$26,521,748	$20,156,976

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2000

	2000	1999
REVENUE		
Manitoba Health operating income	$31,823,183	$28,627,265
Manitoba Health year end adjustments	(240,249)	997,371
Non-insured income	4,871,400	4,771,335
Other income	2,703,731	2,487,580
Amortization of deferred contributions	687,689	580,688
Ancillary revenue	1,649,238	1,361,139
	41,494,992	38,825,378
EXPENSES		
Acute care	20,740,018	19,072,402
Long-term care	4,743,148	4,469,423
Medical remuneration	3,566,662	2,687,356
Community based therapy	280,829	240,959
Community services administration	385,892	250,973
Community based mental health	821,310	697,154
Community based home care	3,387,933	2,974,425
Community based health	1,421,599	1,136,516
Land ambulance	201,043	195,600
Regional health authority costs	1,777,027	1,356,473
Amortization of capital assets	687,689	580,688
Interest on long-term debt	99,276	119,748
Other - Northern Patient Transportation	3,156,115	2,780,299
Ancillary expenses	1,672,428	1,309,870
	42,940,969	37,871,886
EXCESS OF REVENUE OVER EXPENDITURES	$(1,445,977)	$ 953,492

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2000

	Net Assets		
	Invested In Capital Assets	Internally Restricted	Unrestricted
Balance, beginning of year	$ 341,402	$ 50,556	$ 1,791,712
Surplus (deficit) from operations			(1,445,977)
Sundry adjustments			(34,115)
Principal Reduction - Unapproved Debt	27,276		
Amortization - Unapproved Asset	(4,808)		
Interest Revenue - Sherry Grey Trust Fund		1,550	
Revenue - St. Paul's Resident Trust Fund		3,840	
Expenditures - St. Paul's Resident Trust Fund		(3,086)	
	$ 363,870	$ 52,860	$ 311,620

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF DEFERRED CONTRIBUTIONS

FOR THE YEAR ENDED MARCH 31, 2000

	Deferred Contributions			
	Reserve for Major Repairs	Donations	Capital	Grant Reserves
Balance, beginning of year	$ 230,626	$ 744,890	$ 8,633,044	$ 307,762
MB Health Funding				
Basic Equipment			204,567	
Specialized Equipment			290,246	
Building Purchase - Northern Lights Manor			448,651	
Principal on Approved Debt			328,883	
Equipment Funded by MB Project 2000			745,645	
Amortization of Capital Assets			(687,689)	
Sundry Proceeds/Adjustments			879	
Donation Income - Donations		92,855		
- Interest		111,176		
Donation Expenditures		(33,394)		
Donation Funds Transferred to NLM Community Contribution		(289,127)	289,127	
Baby First Revenue Deferred from 1998/1999				(42,307)
Net Revenue Deferred to 2000/2001				68,860
Land Ambulance Grant Funding				201,042
Ambulance Grants Paid				(150,129)
Provision for Major Repairs				
- FFPCH	5,153			
- TPHC 02 Concentrator	11,364			
- TPHC Replacement Rsv	11,364			
- St. Paul Replacement Rsv	3,000			
FFPCH Repairs	(45,719)			
02 Concentrator Repairs	(4,858)			
Principal Reduction - Unapproved Debt			(27,276)	
Amortization - Unapproved Asset			4,808	
Interest Revenue - Construction Accounts			26,798	
	$ 210,930	$ 626,400	$10,257,683	$ 385,228

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF CASH FLOW

AS AT MARCH 31, 2000

	2000	1999
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Surplus (deficit) for the year	$(1,445,977)	$ 953,492
Items not involving cash		
Amortization of capital assets	687,689	580,688
Amortization of deferred contributions	(687,689)	(580,688)
Amortization of computer assets	92,418	118,156
Change in non-cash working capital	(952,245)	(827,418)
Change in restricted net assets	2,304	1,943
Funding allocations (Manitoba Health):		
Basic equipment	204,567	166,200
Specialized equipment	290,246	176,686
Psychiatric unit	26,798	3,214,070
Principal on approved debt	328,883	222,046
Building Purchase - Northern Lights Manor	448,651	-
Year 2000 expenditures funded by Province	745,645	159,868
Net increase in deferred contributions		
Reserve for major repairs	(19,696)	27,348
Grants	77,466	963
Donations fund	170,637	95,913
Sundry proceeds	-	4,853
FINANCING AND INVESTMENT ACTIVITIES		
Purchase of capital assets	(1,902,605)	(720,113)
Construction in progress expenditures	(6,738,954)	(2,235,274)
Increase (reduction) of long-term debt	6,118,569	(265,862)
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(2,553,293)	1,092,871
CASH AND SHORT TERM INVESTMENTS:		
Beginning of year	2,994,632	1,901,761
END OF YEAR	$ 441,339	$2,994,632

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

NOTES TO FINANCIAL STATEMENT

YEAR ENDED MARCH 31, 2000

1. NATURE AND PURPOSE OF THE ORGANIZATION

NOR-MAN Regional Healthy Authority Inc. (the "Authority") is a corporation without share capital continued under The Regional Health Authorities and Consequential Amendments Act, Statues of Manitoba 1996 c.53. The Authority operates health care programs and services in a geographic region that extends from Grand Rapids/Grand Rapids First Nation in the southeast corner to Flin Flon in the extreme northwest part of the Region. Pukatawagan is also part of the Region. The Authority delivers its services through hospitals and other health care facilities. Hospitals are located in Flin Flon, The Pas, and Snow Lake. The Authority is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided some requirements of the Income Tax Act are met.

2. ASSUMPTION OF RESPONSIBILITY FOR FACILITIES AND OPERATING AUTHORITY

Pursuant to certain terms and conditions under various transfer agreements, the Authority took over management of facilities consisting of land and buildings together with equipment, other assets, liabilities and general operating authority as of April 1, 1997 from the following previously independently operating boards:

- The Board of Directors of the Flin Flon General Hospital, Flin Flon Personal Care Corporation and Northern Lights Manor
- The Board of Directors of The Pas Health Complex
- The Board of Directors of the Snow Lake Medical Nursing Unit
- Manitoba Health (Community Services)

3. ECONOMIC DEPENDENCE

The Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with generally accepted accounting principles.

(a) Revenue Recognition

The Authority follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations, there to, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate of the related capital assets.

Donations are recognized as direct increases in deferred contributions.

Restricted investment income is recognized as revenue in the year in which related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial Insurance Plan, Preferred Accommodation and Marketed Services is recognized when the goods are sold or the service is provided.

(b) Contributed Services

Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(c) Investments

Investments are recorded at cost. Due to the nature of the securities being fixed income marketable securities, the cost is not adjusted for unrealized gains or losses due to the prevailing interest rates as it is the intention of the management to hold each investment to maturity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Inventory
Medical, drugs and other supplies are valued at average invoice cost.

(e) Capital Assets
Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under the capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Improvements and betterments which extend the estimated useful life of an asset are capitalized. When a capital asset has diminished its usefulness in providing the service, its carrying amount is written down to its residual value.

The Authority has adopted the policy of amortizing its capital assets on a straight-line basis using the following annual rates:

Land improvements	2.5%
Buildings	2.5%
Building service equipment	10.0%
Major equipment	10.0%
Computer equipment	20.0%

No amortization is provided for construction in progress until the project is complete or until the principal retirement of related debt commences.

(f) Compensation Under Benefit Plans
Compensation expense for vacation and pre-retirement for all employees as entitlement to these payments is earned. Accrued compensation for sick leave is not reflected in these statements. Funding for vacation entitlement and other benefits is provided by Manitoba Health in the period in which the actual expense is paid. Accrued vacation pay is recorded as receivable in current assets to recognize the implicit funding receivable from Manitoba Health for vacation entitlements outstanding at the year end.

5. ACCOUNTS RECEIVABLE

	2000	1999
Ministry of Health	$ 526,716	$ 731,240
Patients, residents and third parties	298,607	266,116
Other	928,409	578,053
	1,753,732	1,575,409
Less: allowance for doubtful accounts	(51,405)	(61,372)
	$1,702,327	$1,514,037

6. DEFERRED CONTRIBUTIONS

(a) Expenses of Future Periods

(i) Reserve for Major Repairs
Deferred contributions related to reserve for major repairs represent unspent externally and/or internally restricted grants or allocations for major repairs and improvements to equipment, buildings and ambulance. Internal allocations are recorded as an expense of the current year.

(ii) Donations
These contributions are to be maintained primarily for the purchase of equipment and patient/resident activities. These amounts are not available for other purposes without approval of the Board of Directors.

(iii) Grants
Deferred contributions related to grants represent externally restricted unspent amounts of grants for purchase of ambulance and for ambulance program improvement purposes.

(b) Capital Assets

Deferred capital contributions represent the unamortized amounts of capital assets, unspent amounts of donations and grants received for purchase of capital assets. The amortization of capital contribution is recorded as revenue in the Statement of Operations.

7. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets are calculated as follows:

	2000	1999
Capital assets	$ 18,188,818	$10,360,603
Amounts financed by:		
Deferred contributions	(10,257,683)	(8,633,044)
Long-term debt	(7,944,328)	(1,962,119)
Inter facility - net	377,063	575,962
	$ 363,870	$ 341,402

8. NET ASSETS INTERNALLY RESTRICTED

This represents the following funds held in trust by the NOR-MAN Regional Healthy Authority:

(a) Sherry Gray Trust Fund
(b) St. Paul Residents Trust Fund

NOTES TO FINANCIAL STATEMENT

YEAR ENDED MARCH 31, 2000

9. LONG-TERM DEBT

	2000	1999
St. Anthony's General Hospital, 15 3/4%, Province of Manitoba debenture, payable $38,000 per annum, maturing year 2000	$ 21,000	$ 59,000
St. Paul's Residence, 15 3/4%, Province of Manitoba debenture, payable $29,000 per annum	-	27,000
Bank loans, Unisys and renovation projects, Royal Bank prime, no fixed terms of repayment	78,013	155,158
Flin Flon General Hospital, 15 3/4%, Province of Manitoba debenture, payable $65,000 per annum, maturing year 2000	55,000	120,000
Canada Mortgage and Housing, 6.89%, Personal Care Home Mortgage, payable at $5,938 per month principal and interest, renewable year 2001	695,752	719,172
Diagnostic and Personal Care Home, P+1/2%, Royal Bank, guaranteed by the Province of Manitoba, payable $4,167 per month	668,136	753,305
Asbestos Abatement and Hot Water Heater, P+1/2%, Royal Bank, guaranteed by Province of Manitoba, payable $1,490 per month, maturing year 2002	37,222	54,208
Oxygen Concentrator Loan, P+1/2%, Royal Bank, guaranteed by the Province of Manitoba, payable $3,261 per month	-	27,276
Snow Lake Medical Nursing Unit, 15 3/4%, Province of Manitoba debenture, payable $49,000 per annum	-	47,000
Fire Safety Upgrade Flin Flon General Hospital, P + ½%, Royal Bank, guaranteed by Province of Manitoba, no set repayment terms	2,363,742	-
Northern Lights Manor Renovations, P + ½%, Royal Bank, guaranteed by Province of Manitoba, no set repayment terms	2,110,347	-
St. Paul's Construction Project, P + ½%, Royal Bank, guaranteed by Province of Manitoba, no set repayment terms	1,915,116	-
	7,944,328	1,962,119
Less: current portion	212,030	348,390
	$7,732,298	$1,613,729

Future principal payments are approximately $212,000 annually over the next five years.

10. STATEMENT PRESENTATION

Prior year figures have been restated for comparative purposes.

11. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

Schedule 1

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION

AS AT MARCH 31, 2000

	2000		1999	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
SNOW LAKE MEDICAL NURSING UNIT				
Land improvements	$ 41,394	$ 17,740	$ 41,394	$ 16,558
Building	931,811	472,805	931,811	447,210
Ambulance garage	23,831	11,916	23,831	11,320
Equipment	322,041	271,681	123,253	69,843
	1,319,077	774,142	1,120,289	544,931
NORTHERN LIGHTS MANOR - FLIN FLON				
Land and building	448,651	-	-	-
Construction in progress	2,012,945	-	-	-
Equipment	36,916	25,688	40,058	25,138
	2,498,512	25,688	40,058	25,138
REGIONAL HEALTH AUTHORITY OFFICE				
Equipment	971,099	124,220	225,454	23,309
FLIN FLON GENERAL HOSPITAL				
Land	6,001	-	6,001	-
Land improvements	70,577	42,346	70,577	40,935
Building	2,392,304	1,363,268	2,392,304	1,314,461
Ambulance garage	83,131	24,939	83,131	22,861
Equipment	1,951,930	1,067,370	2,004,144	1,132,791
Construction in progress	2,934,062	-	768,568	-
Donation assets	8,439	6,402	8,439	5,192
Housing	232,911	-	232,911	-
Ambulance program assets	217,082	-	217,082	-
	7,896,437	2,504,325	5,783,157	2,516,240
FLIN FLON PERSONAL CARE HOME				
Land	115,257	-	115,257	-
Building	1,936,770	1,016,804	1,936,770	968,385
Equipment	26,334	16,559	30,015	17,607
Construction in progress	35,165	-	38,945	-
	2,113,526	1,033,363	2,120,987	985,992

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

Schedule 1

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION

AS AT MARCH 31, 2000

	2000		1999	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
ST. ANTHONY'S HOSPITAL - THE PAS				
Land	$ 93,576	$ -	$ 93,576	$ -
Land improvements	272,254	163,353	272,254	157,908
Buildings	3,775,014	2,371,428	3,647,014	2,280,663
Equipment	5,940,903	5,152,994	1,580,111	975,042
Construction in progress	3,188,144	-	2,538,965	-
Ancillary operations assets	36,221	36,221	36,221	36,221
Housing	-	-	68,899	-
	13,306,112	7,723,996	8,237,040	3,449,834
ST. PAUL'S RESIDENCE - THE PAS				
Buildings	1,184,045	852,513	1,184,045	828,832
Equipment	85,928	62,787	68,286	44,437
Construction in progress	1,915,116	-	-	-
	3,185,089	915,300	1,252,331	873,269
	$31,289,852	$13,101,034	$18,779,316	$8,418,713
Net Book Value	$18,188,818		$10,360,603	

See accompanying notes.

Deloitte & Touche

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AUDITORS' REPORT

To the Directors of
North Eastman Health Association Inc.

We have audited the consolidated statement of financial position of North Eastman Health Association Inc. as at March 31, 2000 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

Winnipeg, Manitoba
June 2, 2000

NORTH EASTMAN HEALTH ASSOCIATION INC.

Consolidated Statement of Operations

Year Ended March 31, 2000

	2000	1999
REVENUE		
Manitoba Health Income	$ 20,772,971	$ 19,673,281
Non-insured income	1,856,709	1,816,434
Offset income	868,895	643,186
Amortization of deferred contributions	1,072,944	1,009,988
Year 2000 income	923,919	227,408
Ancillary income	262,900	271,207
	25,758,338	23,641,504
EXPENSES		
Acute Care - Institutional based	6,587,570	6,106,306
Long Term Care - Institutional based	6,902,366	6,437,270
Long Term Care - Home based	3,668,964	3,241,080
Health Promotion/Prevention and Primary Care	2,705,302	2,370,153
Regional Health Authority	1,137,803	742,975
Lab and Imaging Services	911,026	866,599
Northern Patient Transportation Program	68,339	78,048
Land Ambulance Program	518,421	374,643
Dialysis	177,663	225,841
Medical remuneration	1,080,350	705,978
Interest	494,668	547,617
Depreciation	1,071,344	1,023,367
Year 2000 expenditure	923,919	229,139
Ancillary operations operating expenses	220,430	229,476
Ancillary operating depreciation	42,311	33,324
	26,510,476	23,211,816
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES BEFORE INTEREST AND OTHER	(752,138)	429,688
Interest income	133,441	147,658
Other	-	(134,000)
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	(618,697)	443,346
Manitoba Health funding - prior years	303,733	-
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$ (314,964)	$ 443,346

NORTH EASTMAN HEALTH ASSOCIATION, INC.
Consolidated Statement of Financial Position
March 31, 2000

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$ 3,441,791	$ 3,244,793
Accounts receivable, net (Note 3)	1,062,616	986,845
Inventories	293,061	247,584
Prepaid expenses	35,348	14,885
	4,832,816	4,494,107
Other assets	-	4,709
Deferred charges	1,194,471	1,179,214
Capital assets (Note 4)	23,018,327	17,993,019
	$ 29,045,614	$ 23,671,049
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 1,138,812	$ 1,342,320
Accrued liabilities	1,737,920	1,589,428
Current portion of long term debt (Note 5)	1,034,177	685,456
	3,910,909	3,617,204
LONG TERM DEBT (Note 5)	13,785,039	10,524,912
	17,695,948	14,142,116
DEFERRED CONTRIBUTIONS (Note 6)		
Expenses of future periods	522,938	438,563
Capital assets	7,169,521	5,223,279
	7,692,459	5,661,842
Commitments and contingencies (Note 8)		
NET ASSETS		
Invested in capital assets (Note 7)	2,016,840	1,895,551
Externally restricted	597,603	657,759
Unrestricted	1,042,764	1,313,781
	3,657,207	3,867,091
	$ 29,045,614	$ 23,671,049

APPROVED BY THE BOARD:

.... Director

.... Director

NORTH EASTMAN HEALTH ASSOCIATION INC.

Consolidated Statement of Changes in Net Assets

Year Ended March 31, 2000

	2000				1999
	Invested in Capital Assets	Externally Restricted	Unrestricted	Total	Total
Balance, beginning of year	$ 1,895,551	$ 657,759	$ 1,313,781	$ 3,867,091	$ 3,272,816
Current year reclassifications	-	-	-	-	150,929
Return to Foundation	-	(34,687)	-	(34,687)	-
Transfer to deferred contributions - capital assets	-	(22,233)	-	(22,233)	-
Donation of land	162,000	-	-	162,000	-
(Deficiency) excess of revenue over expenses	(40,711)	(3,236)	(271,017)	(314,964)	443,346
BALANCE, END OF YEAR	$ 2,016,840	$ 597,603	$ 1,042,764	$ 3,657,207	$ 3,867,091

NORTH EASTMAN HEALTH ASSOCIATION, INC.
Consolidated Statement of Cash Flows
Year ended March 31, 2000

	2000	1999
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	$ (314,964)	$ 443,346
Items not affecting cash		
Amortization of deferred contributions relating to capital assets	(1,072,944)	(1,009,988)
Depreciation	1,113,655	1,056,691
Reclassification of accumulated depreciation on fixed assets	-	(33,188)
Miscellaneous non-cash flow items	-	184,323
	(274,253)	641,184
Changes in non-cash working capital items	(211,984)	45,434
Net increase in deferred contributions related to expenses of future periods	84,375	7,598
	(401,862)	694,216
FINANCING ACTIVITIES		
Proceeds of loans	4,337,026	231,704
Repayments of loans	(728,178)	(983,784)
Increase in deferred contributions related to capital assets	2,996,953	958,136
Return to Foundation	(34,687)	-
	6,571,114	206,056
INVESTING ACTIVITIES		
Purchase of capital assets	(5,976,963)	(786,772)
Decrease (increase) in other assets	4,709	(1,986)
	(5,972,254)	(788,758)
INCREASE IN CASH AND TERM DEPOSITS	196,998	111,514
CASH AND TERM DEPOSITS, BEGINNING OF YEAR	3,244,793	3,133,279
CASH AND TERM DEPOSITS, END OF YEAR	$ 3,441,791	$ 3,244,793

1. NATURE OF OPERATIONS

North Eastman Health Association Inc. ("the Region") was incorporated under the Health Authorities Act on April 1, 1997. The Region is principally involved in providing health care services to the north eastern regions of Manitoba. The Region is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the following sites:

- Beausejour District Hospital
- Stony Plains Terrace
- Whitemouth District Health Centre
- Beausejour & District Ambulance Service
- Lac Du Bonnet Ambulance
- Winnipeg River Handivan
- East-Gate Lodge
- Pine Falls Health Complex
- Winnipeg River Health District
- Whitemouth District Ambulance
- Pinawa Ambulance

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) *Revenue recognition*

The Region follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Region is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2000.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue recognition (continued)

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

b) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	5-10%
Buildings	2-5%
Leasehold Improvements	5%
Building service equipment	4-10%
Equipment (including non-shareable)	5-20%
Vehicles	8-15%
Software and licenses	20%

Construction in progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Compensated absences*

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Region's benefit plans for vacation, statutory holiday and retirement allowances.

e) *Deferred charges*

Funding for vacation entitlements and retirement entitlement obligations is provided by Manitoba Health as part of its regular budget in the period in which expenditures are made. Accordingly, the cost of the estimated accrued vacation pay and retirement entitlement obligations at year-end is deferred to enable an appropriate matching of expenses with income secured in subsequent years.

f) *Financial instruments*

Credit Risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Region's accounts receivable are comprised mostly of amounts due from Manitoba Health and other government organizations.

Interest Rate Risk
The carrying amount of short-term financial assets and liabilities are a reasonable estimate of the fair values because of the short maturity of those instruments. Short-term financial assets are comprised of cash and accounts receivable. Short-term financial liabilities are comprised of accounts payable and accrued liabilities.

3. ACCOUNTS RECEIVABLE

	2000	1999
Due from Pine Falls District Health Care Foundation, Inc.	$ -	$ 466,000
Due from Lac Du Bonnet District Health Care Foundation, Inc.	15,000	85,000
Due from Manitoba Health	609,416	-
Due from Revenue Canada – GST Rebate	269,691	86,559
Other	168,509	349,286
	$ 1,062,616	$ 986,845

4. CAPITAL ASSETS

	2000		1999	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 333,035	$ -	$ 171,035	$ -
Land improvements	369,815	255,612	369,814	245,945
Buildings	22,109,663	7,109,143	22,107,295	6,539,752
Leasehold improvements	14,399	2,651	14,399	1,932
Building service equipment	66,279	47,979	66,279	26,322
Equipment	7,267,391	5,702,816	6,458,830	5,331,437
Non-shareable equipment	722,542	587,124	722,542	546,421
Vehicles	686,273	373,986	587,770	284,128
Software and licenses	51,395	22,675	44,470	12,394
Construction in Progress	5,499,521	-	438,916	-
	37,120,313	14,101,986	30,981,350	12,988,331
Cost less accumulated depreciation	$ 23,018,327		$ 17,993,019	

5. LONG-TERM DEBT

	2000	1999
Bank demand loans, interest at prime rate less 5/8%, maturing at various dates to 2015 and requiring monthly principal payments of $59,530	$ 11,364,343	$ 8,349,682
Debentures payable, at interest rates of 13 3/8% maturing in 2001 and requiring annual principal payments of $15,000	30,000	45,000
CMHC Mortgages payable, at interest rates from 6.87% to 9.2% maturing at various dates to 2024 and requiring monthly principal and interest payments of $27,203	3,424,873	2,815,686
	14,819,216	11,210,368
Less current portion:		
Bank demand loans	928,826	622,956
Debenture payable	15,000	15,000
Mortgages payable	90,351	47,500
	1,034,177	685,456
	$ 13,785,039	$ 10,524,912

5. LONG-TERM DEBT (continued)

Principal repayments on the long-term debt are estimated as follows:

2001	$ 1,034,177
2002	1,547,024
2003	1,823,945
2004	1,840,997
2005	1,858,095
Thereafter	6,714,978

6. DEFERRED CONTRIBUTIONS

a) *Expenses of future periods*

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and other purposes.

	2000	1999
Balance, beginning of year	$ 438,563	$ 430,965
Add amount received related to future periods	84,375	7,598
	$ 522,938	$ 438,563

b) *Capital assets*

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year	$ 5,223,279	$ 5,275,131
Additional contributions received	2,996,953	958,136
Transfer from externally restricted net assets	22,233	-
Less amounts amortized to revenue	(1,072,944)	(1,009,988)
	$ 7,169,521	$ 5,223,279

6. DEFERRED CONTRIBUTIONS (continued)

b) Capital assets (continued)

The balance of unamortized capital contributions related to capital assets consists of the following:

	2000	1999
Unamortized capital contributions used to purchase assets	$ 6,182,271	$ 4,887,100
Unspent contributions	987,250	336,179
	$ 7,169,521	$ 5,223,279

7. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows

	2000	1999
Capital assets	$ 23,018,327	$ 17,993,019
Amounts financed by:		
Deferred contributions	(6,182,271)	(4,887,100)
Long term debt	(14,819,216)	(11,210,368)
	$ 2,016,840	$ 1,895,551

(b) Change in net assets invested in capital assets is calculated as follows:

	2000	1999
Excess of revenue over expenses:		
Amortization of deferred contributions related to capital assets	$ 1,072,944	$ 1,009,988
Depreciation of capital assets	(1,071,344)	(1,023,367)
Ancillary operating depreciation	(42,311)	(33,324)
	(40,711)	(46,703)
Net change in investment in capital assets:		
Donation of land	$ 162,000	$ -
Purchase of capital assets	-	627,228
	162,000	627,228
Total changes in net assets invested in capital assets	$ 121,289	$ 580,525

8. COMMITMENTS AND CONTINGENCIES

a) The Region has entered into various operating lease commitments. The amounts payable over the next five years are as follows:

2001	$ 12,500
2002	12,500
2003	7,000
2004	7,000
2005	7,000
thereafter	46,000

b) The nature of the Association's activities is such that there is usually litigation pending or in progress at any time. With respect to claims at March 31, 2000, management believes the Region has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Region's financial position.

c) The Pine Falls Health Complex participates in the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2000.

9. PENSION PLAN

Many of the employees of the Region are members of the Health Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Healthcare Employees Pension Plan - Manitoba. Plan members will receive benefits based on the length of service and on the earnings during the best five of the last eleven years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling plus 6.6% of basic earnings in excess of the Canada Pension Plan ceiling contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

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Auditors' Report

To the Board of Directors
PARKLAND REGIONAL HEALTH AUTHORITY INC.

We have audited the consolidated balance sheet of **PARKLAND REGIONAL HEALTH AUTHORITY INC.** as at March 31, 2000 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Parkland Regional Health Authority Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Parkland Regional Health Authority Inc. as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 9, 2000

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Balance Sheet

March 31	2000	1999
Assets		
Current Assets		
Cash and bank	$ 7,317,744	$ 6,292,542
Temporary Investments	10,740,237	9,578,246
Accounts receivable (Note 1)	7,230,545	6,205,729
Inventories	1,190,008	1,099,579
Prepaid expenses	275,471	551,428
	26,754,005	23,727,524
Long-term investments	7,157	7,157
Capital assets (Note 2)	62,764,698	52,035,617
Trust assets	26,219	32,838
	$ 89,552,079	$ 75,803,136
Liabilities and Net Assets		
Current Liabilities		
Lines of credit (Note 3)	$ 4,913,601	$ 1,957,166
Accounts payable and accrued liabilities (Note 4)	8,379,418	6,627,894
Current portion of long-term debt (Note 5)	431,575	452,710
	13,724,594	9,037,770
Long-term debt (Note 5)	26,013,834	25,658,737
Deferred contributions (Note 6)	40,768,273	33,384,170
Trust liabilities	26,219	32,838
	80,532,920	68,113,515
Net Assets		
Net assets invested in capital assets	2,995,679	3,311,995
Net assets internally restricted	1,145,750	891,659
Unrestricted net assets	4,877,730	3,485,967
	9,019,159	7,689,621
	$ 89,552,079	$ 75,803,136

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2000

	Invested in Capital Assets	Internally Restricted	Unrestricted	2000	1999
Balance, beginning of year as previously reported	$ 8,602,270	$ 891,659	$ 7,111,702	$ 16,605,631	$ 15,928,243
Prior period adjustment (Note 10)	(5,290,275)	-	(3,625,735)	(8,916,010)	(9,557,438)
Balance, beginning of year as restated	3,311,995	891,659	3,485,967	7,689,621	6,370,805
Excess of revenue (expenses) for the year	(363,271)	(70,373)	1,763,182	1,329,538	1,477,582
Interfund transfers	46,955	324,464	(371,419)	-	-
Net transfers from (to) foundations	-	-	-	-	(158,766)
Balance, end of year	$ 2,995,679	$ 1,145,750	$ 4,877,730	$ 9,019,159	$ 7,689,621

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Operations

For the year ended March 31	2000	1999
Revenue		
Manitoba Health operating income (Note 12)	$ 64,098,388	$ 58,412,664
Patient income	6,164,505	6,895,685
Other income	3,972,416	2,966,444
	74,235,309	68,274,793
Expenses		
Acute care expenses	25,213,851	23,484,016
Long-term care services	21,411,678	19,808,988
Community - homecare assistance	7,491,260	6,669,359
Community - health services	6,106,324	6,137,452
Community - diagnostic services	3,196,101	2,930,368
Interest on long-term debt	2,625,218	2,665,022
Regional health costs (Note 11)	2,468,036	1,201,765
Medical remuneration	2,109,972	2,033,129
Land ambulance	759,608	769,062
Parkland Regional Hospital Laundry Ltd. expenses	748,955	663,641
Community - therapy services	527,217	-
	72,658,220	66,362,802
Excess of revenue before amortization of deferred contributions and of capital assets	1,577,089	1,911,991
Amortization of deferred contributions	2,731,511	2,331,190
Amortization of capital assets	(2,979,062)	(2,765,599)
	(247,551)	(434,409)
Excess of revenue for the year	$ 1,329,538	$ 1,477,582

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Cash Flows

For the year ended March 31	2000	1999
Cash Flows from Operating Activities		
Deficiency of revenue over expenses for the year	$ 1,329,538	$ 1,477,582
Items not involving cash		
Amortization of capital assets	2,979,062	2,765,599
Amortization of deferred contributions	(2,731,511)	(2,331,190)
Prior period adjustment (Note 10)	-	(9,557,438)
	1,577,089	(7,645,447)
Changes in non-cash working capital balances		
Trust assets	6,619	(30,126)
Temporary investments	(1,161,991)	(748,750)
Lines of credit	2,956,437	(237,376)
Trust liabilities	(6,619)	30,126
Accounts receivable	(1,024,816)	(1,108,111)
Inventories	(90,429)	(83,436)
Prepaid expenses	275,955	(313,409)
Accounts payable	1,751,524	645,184
	4,283,769	(9,491,345)
Cash Flows from Investing and Financing Activities		
Increase of capital assets	(13,708,143)	(1,518,817)
Increase (decrease) in net assets	-	(158,766)
Increase in deferred contributions	10,115,614	12,671,787
Increase (decrease) in long-term debt	333,962	(279,617)
	(3,258,567)	10,714,587
Increase in cash and cash equivalents during the year	1,025,202	1,223,242
Cash and cash equivalents, beginning of year	6,292,542	5,069,300
Cash and cash equivalents, end of year	$ 7,317,744	$ 6,292,542

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Nature and Purpose of Organization

The Parkland Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of Manitoba. The Parkland Regional Health Authority Inc. is involved in the provision of health care services to persons resident in the Parkland Region.

The Parkland Regional Health Authority Inc. is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The Parkland Regional Health Authority Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as an increase in deferred contributions when earned. Unrestricted investment income is recognized as revenue when earned.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Basis of Reporting

These financial statements include the accounts of all controlled not-for-profit organizations of the Parkland Regional Health Authority Inc. All significant inter departmental transactions have been eliminated.

The assets, liabilities, and operations of the following controlled not-for-profit operations have been included in these financial statements:

Devolved Facilities:

Dauphin Regional Health Centre
Roblin District Health Centre
Gilbert Plains Health Centre
Grandview Hospital District No. 3B
Dauphin & District Ambulance Service
Roblin & District Ambulance Service
Grandview Personal Care Home
Parkland Regional Hospital Laundry Ltd.

Non-devolved Facilities:

McCreary / Alonsa Health Centre
Hopital General - Ste. Rose - General Hospital
Swan Valley Lodge (1991) Inc.
Swan River Valley Hospital
Swan River Valley Personal Care Home Inc.
Benito Health Centre
Winnipegosis-Mossey River Personal Care Home Inc.
Winnipegosis General Hospital
St. Paul's Home (Inc.)
Dr. Gendreau Personal Care Home Inc.
Swan River Hospital District No. 1

The Parkland Regional Health Authority Inc. also receives funding from independent organizations which organize fund-raising drives in various geographic areas exclusively for the use of the Parkland Regional Health Authority Inc. or its related entities. The extent of any funding provided by these independent entities is solely at the discretion of the board of directors of the independent entities.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Financial Instruments

The Parkland Regional Health Authority Inc.'s financial instruments consist of cash, accounts receivable, temporary investments, accounts payable, amounts due to (from) Manitoba Health and long-term debt. Unless otherwise noted, it is management's opinion that the Parkland Regional Health Authority Inc. is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

Inventories

Inventories are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	40 years straight-line basis
Major equipment	4 to 20 years straight-line basis

Pension Plans

The Parkland Regional Health Authority Inc. participates in the Healthcare Employees Pension Plan (Manitoba), a plan made available to all health organizations in Manitoba.

Employee Benefits

The Parkland Regional Health Authority Inc. records liabilities for accrued employee benefits in the year in which they are earned.

Employees are entitled to compensation for unused vacation credit, unused statutory holiday time, unpaid overtime and pre-retirement leave when they leave the Parkland Regional Health Authority Inc.'s employ.

1. Accounts Receivable

Due from Manitoba Health (Out of Globe)	$ 278,240
Outstanding commitments	127,646
Trade	3,347,792
Deferred benefit entitlement	4,426,867
Due to Manitoba Health (In Globe)	(950,000)
	$ 7,230,545

Deferred Benefit Entitlement

Certain accrued employee benefit costs, including vacation pay, unused statutory holiday pay, unpaid overtime and pre-retirement leave are recorded in accordance with the policy determined by Manitoba Health. This policy is to record the change in the amount of both the accrued liability for these costs and the related amount receivable from Manitoba Health.

Due from Manitoba Health (Out of Globe)

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the balance sheet as a payable due to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Parkland Regional Health Authority Inc. or repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the balance sheet as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final funding approvals which indicate the portion of the deficit that will be paid to the Parkland Regional Health Authority Inc. Effective in 1992 the Province of Manitoba implemented a no deficit recovery policy which, subject to an appeal by the Regional Health Authority, stipulates that Manitoba Health will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by Manitoba Health are absorbed by the Regional Health Authority.

2. Capital Assets

	2000			1999		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 586,685	$ -	$ 586,685	$ 586,684	$ -	$ 586,684
Buildings	68,234,243	22,412,751	45,821,492	67,557,398	20,878,138	46,679,260
Major equipment	21,150,889	14,949,097	6,201,792	18,223,206	13,560,947	4,662,259
Construction in progress	10,154,729	-	10,154,729	107,414	-	107,414
	$ 100,126,546	$ 37,361,848	$ 62,764,698	$ 86,474,702	$ 34,439,085	$ 52,035,617

3. Lines of Credit

The Parkland Regional Health Authority Inc.'s line of credit facilities are held at one chartered bank. Two lines of credit are available to the corporation. The first line of credit has been drawn upon in the amount of $1,730,929 which bears interest at 6.06%. The second line of credit has been drawn upon the in the amount of $3,182,672 which bears interest at 5.95%.

4. Accounts Payable

Trade accounts payable	$ 3,952,551
Deferred benefits entitlement	4,426,867
	$ 8,379,418

The carrying value of other liabilities approximates fair value because of the short maturity of these instruments and because they are subject to normal credit terms.

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Notes to Consolidated Financial Statements

March 31, 2000

5. Long-term Debt

	2000	1999
Mortgage Payable Held by the Canada Mortgage & Housing Corporation, bearing interest at a rate of 9.625% and payments of $7,044 per month including interest and principal.	$ 990,091	$ 996,582
Debenture Payable Held on behalf of Dauphin Regional Health Centre by Manitoba Health at 15.75%, due 31/08/01, repayable $2,824 principal and interest monthly.	46,000	69,000
Debenture Payable Held on behalf of Dauphin Regional Health Centre by Manitoba Health at 10.125%, due 02/08/06, repayable $216,204 principal and interest monthly. The principle portion of the payments are held in a sinking fund which is also held on behalf of Dauphin Regional Health Centre by Manitoba Health. The balance of the sinking fund as at the year end was $9,452,132 which is reflected on the balance sheet under temporary investments.	20,550,000	20,550,000
Mortgage Payable Held by Canada Mortgage & Housing Corporation at 8.00%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayments of $2,679 principal and interest monthly.	360,350	363,986
Bank Loan Payable Held by Dauphin CIBC on behalf of the of Parkland Regional Authority - CIBC prime less 1/2%. Repayable $6,155 per month plus interest.	675,365	-
Debenture Payable Held on behalf of Gilbert Plains Health Centre Inc. by Manitoba Health at 11.13%, repayable $80,450 principal and interest annually.	724,050	804,500
Mortgage Payable Held by Canada Mortgage & Housing Corporation at 8.00%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayable $2,245 principal and interest monthly.	295,046	298,609

5. Long-term Debt (continued)

	2000	1999
Bank Loan Payable Held by Dauphin CIBC - CIBC prime less 1/2%, repayable $2,115 principle plus interest monthly, due July 30, 2003.	84,466	-
Mortgage Payable Held by Canada Mortgage & Housing Corporation - 9.625%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayable $2,338 principal and interest monthly.	329,062	331,148
Loan Payable Held by the Royal Bank of Canada. Interest charged at the lower of Royal Bank's flex financing rate and Royal Bank prime. Repayable $3,455 principal monthly plus interest.	147,000	183,000
Debenture Payable Held on behalf of Hopital General - Ste. Rose - General Hospital by Manitoba Health at 13.63%, due 15/11/03, repayable $24,000 principal annually plus interest.	90,000	114,000
Loan Payable Repayable $555 principal and interest monthly.	7,047	11,681
Mortgage Payable Held by Bank of Nova Scotia at 6.19%, due 01/01/02, repayable $4,073 principal and interest monthly.	512,956	529,834
Bank Loan Held by the Dauphin Plains Credit Union 6.25%. Principal payments in amount of $478 are being made monthly plus interest. Loan to mature in 2000.	1,893	7,629
Mortgage Payable Held by Canada Mortgage & Housing Corporation at 6.375%. Security consists of a first mortgage on buildings, a letter of comfort from Manitoba Health, a promissory note signed by the facility and a borrowing resolution signed by the facility. Repayable $3,688 principal and interest monthly.	498,567	511,021
Loan Payable Held by Toronto Dominion Bank, interest at prime less .50%, repayable at $1,530 per month plus interest retroactive to September 1997.	128,338	188,275

5. Long-term Debt (continued)

	2000	1999
Loan Payable Held by Toronto Dominion Bank, repayable $5,673 per month including interest at prime less .50%, secured by equipment.	101,039	161,195
Loan Payable Held by Toronto Dominion Bank, repayable $1,275 per month including interest at prime less .50%, secured by equipment.	22,700	36,217
Loan Payable Held by the Canada Mortgage and Housing Corporation, repayable $3,124 per month including interest at 7.25%, 01/12/22.	423,539	430,720
Loan Payable Held by Toronto Dominion Bank, interest at prime less .50%. No fixed repayment terms.	164,765	229,555
Mortgage Payable Held by Canada Mortgage & Housing Corporation, repayable $2,235 per month plus interest at 8.00%.	293,135	294,495
	26,445,409	26,111,447
Amount due within one year included in current liabilities	431,575	452,710
	$ 26,013,834	$ 25,658,737

Principal repayments required in each of the next five years are estimated as follows:

2001	$ 431,575
2202	391,618
2003	325,616
2004	303,185
2005	264,423
Thereafter	24,728,992
	$ 26,445,409

6. Deferred Contributions

Deferred contributions represent restricted capital funding received from Manitoba Health or donations received from other sources restricted for the purchase of depreciable capital assets.

7. Economic Dependence

The Parkland Regional Health Authority Inc. received 88% of its total revenue for the year ended March 31, 2000 from Manitoba Health.

8. The Year 2000 Issue

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Parkland Regional Health Authority Inc., including those related to customers, suppliers, or other third parties, will be fully resolved.

9. Comparative Amounts

The prior year's figures have been restated to include the full consolidation of the contract facilities in order to conform with the presentation adopted for the current year.

10. Prior Period Adjustment

The prior period adjustment related to the restatement of net assets invested in capital assets has resulted in an increase in deferred contributions of $5,290,275 ($5,209,275 in 1999), a decrease in net assets invested in capital assets of $5,290,275 ($5,290,275 in 1999), and an increase in amortization of deferred contributions of $1,108,583 ($1,108,583 in 1999). The recognition of the sinking fund interest as a deferred contribution has resulted in a decrease in net assets - unrestricted of $3,623,318 ($4,264,746 in 1999), an increase in deferred contributions of $3,623,318 ($3,623,318 in 1999), and a decrease in other income of $467,155 ($467,155 in 1999). The restatement of net assets - unrestricted has resulted in a decrease in net assets - unrestricted of $2,417 ($2,417 in 1999), and an increase in due from Manitoba Health of $2,417 ($2,417 in 1999). The prior year's figures have been restated to reflect these adjustments.

11. Regional Health Costs

Corporate office salaries	$ 616,510
Corporate office benefits	97,656
Expenses paid on behalf of facilities	105,496
Board expenses	72,039
Y2K expenses	1,223,806
Regional accreditation expenses	22,005
Grants	12,500
Other	318,024
	$ 2,468,036

12. Manitoba Health Operating Income

Budgeted items	$ 66,055,523
Current adjustments	(725,597)
Past adjustments	(366,503)
Non-budgeted items	84,965
In Globe adjustment	(950,000)
	$ 64,098,388

13. Measurement Uncertainty

Management is of the opinion that the final settlement related to the In-Globe surplus will be $950,000 and hence has recorded its best estimate of the expected settlement. Management's estimate is based on past experience on how Manitoba Health makes its calculations.

BDO

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Auditors' Comments on Supplementary Financial Information

To the Board of Directors of
PARKLAND REGIONAL HEALTH AUTHORITY INC.

The audited financial statements of the Parkland Regional Health Authority Inc. as at March 31, 2000 and our report thereon dated June 9, 2000 are presented in the preceding section of this annual report.

The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 9, 2000

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario

PARKLAND REGIONAL HEALTH AUTHORITY INC.
Schedule of Consolidated Operations

For the year ended March 31 2000

	Devolved Facilities	Contract Facilities	Consolidated Total
Revenue			
Manitoba Health operating income	$ 43,830,573	$ 20,267,815	$ 64,098,388
Patient income	2,452,286	3,712,219	6,164,505
Other income	3,150,460	821,956	3,972,416
	49,433,319	24,801,990	74,235,309
Expenses			
Acute care expenses	14,079,770	11,134,081	25,213,851
Long-term care services	8,725,434	12,686,244	21,411,678
Community - homecare assistance	7,491,260	-	7,491,260
Community - health services	6,106,324	-	6,106,324
Community - diagnostic services	3,196,101	-	3,196,101
Interest on long-term debt	2,424,554	200,664	2,625,218
Regional health costs	2,468,036	-	2,468,036
Medical remuneration	1,811,972	298,000	2,109,972
Land ambulance	759,608	-	759,608
Parkland Regional Hospital Laundry Ltd. expenses	748,955	-	748,955
Community - therapy services	527,217	-	527,217
	48,339,231	24,318,989	72,658,220
Excess of revenue before amortization of deferred contributions and of capital assets	1,094,088	483,001	1,577,089
Amortization of deferred contributions	1,803,629	927,882	2,731,511
Amortization of capital assets	(1,948,139)	(1,030,923)	(2,979,062)
	(144,510)	(103,041)	(247,551)
Excess of revenue for the year	$ 949,578	$ 379,960	$ 1,329,538

Deloitte & Touche

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AUDITORS' REPORT

To the Board of Directors of
Regional Health Authority - Central Manitoba Inc.

We have audited the consolidated statement of financial position of Regional Health Authority - Central Manitoba Inc. as at March 31, 2000 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
July 21, 2000

Deloitte Touche
Tohmatsu

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Consolidated Statement of Financial Position

March 31, 2000

	2000	1999
ASSETS		
CURRENT		
Cash and short term investments	$ 9,637,061	$ 10,880,090
Accounts receivable, net	2,492,580	1,937,199
Accounts receivable - Manitoba Health (Note 3)	4,964,343	1,149,667
Inventories	1,071,069	1,193,414
Prepaid expenses	61,133	86,195
Deferred charges (Note 4)	6,997,118	6,935,796
	25,223,304	22,182,361
INVESTMENTS	-	306,000
CAPITAL ASSETS (Note 5)	65,490,204	49,948,300
OTHER ASSETS	141,920	156,622
	$ 90,855,428	$ 72,593,283
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 8,146,032	$ 7,556,456
Accrued vacation pay and pre-retirement leave (Note 4)	6,997,118	6,935,796
Current portion of long term debt (Note 6)	891,500	1,117,628
	16,034,650	15,609,880
LONG TERM DEBT (Note 6)	25,087,133	13,264,759
DEFERRED CONTRIBUTIONS (Note 7)		
Expenses of future periods	5,686,714	4,744,282
Capital assets	39,289,168	35,418,460
	44,975,882	40,162,742
NET ASSETS		
Invested in capital assets (Note 8)	256,763	136,310
Contract facilities (Note 9)	1,540,199	1,076,063
Internally restricted	758,666	911,846
Unrestricted	2,202,135	1,431,683
	4,757,763	3,555,902
COMMITMENTS AND CONTINGENCIES (Note 10)		
	$ 90,855,428	$ 72,593,283

APPROVED BY THE BOARD OF DIRECTORS

Director

Director

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Consolidated Statement of Operations

Year Ended March 31, 2000

	2000	1999
REVENUE		
Manitoba Health (Note 11)	$ 91,382,806	$ 81,225,109
Other government departments	470,960	189,809
Non-insured income - acute	916,266	1,066,770
Residential income - long term care	9,278,547	9,217,582
Other income	2,452,715	2,644,465
Y2K	2,018,704	133,016
Amortization of deferred contributions	3,262,612	3,274,662
Interest and donations	597,304	745,209
Ancillary operations (Schedule 1)	1,688,859	1,868,153
	112,068,773	100,364,775
EXPENSES		
Acute care services	37,518,671	33,648,717
Long term care services	31,947,838	29,756,725
Medical remuneration	7,278,731	6,260,261
Therapy services	1,017,923	901,388
Community based services administration	515,289	517,441
Community based mental health services	5,365,649	5,131,070
Community based home care services	10,824,152	10,004,141
Community based health services	2,339,853	1,935,924
Adult day care	515,180	459,086
Land ambulance	1,478,004	1,300,742
Regional health authority	4,544,974	3,423,580
Interest on long term debt	672,028	734,789
Pre-retirement leave	319,964	314,670
Y2K	2,018,795	133,016
Other expenses - non-global	-	156,864
Amortization of capital assets	2,981,662	3,036,570
Major repairs	28,480	105,170
Donations to foundations	304,019	313,511
Ancillary operations (Schedule 1)	1,555,744	1,728,398
	111,226,956	99,862,063
OPERATING EXCESS OF REVENUE OVER EXPENSES	841,817	502,712
OTHER INCOME (EXPENSE)		
Prior years funding adjustments	360,044	531,304
Contract facility transactions	-	(26,000)
	360,044	505,304
EXCESS OF REVENUE OVER EXPENSES	$ 1,201,861	$ 1,008,016
ALLOCATION OF EXCESS OF REVENUE OVER EXPENSES		
Y2K	$ (91)	$ -
Capital and donations to foundations	(51,549)	(180,589)
Interest and donations	597,304	745,209
Ancillary operations	133,115	139,755
Prior years' funding adjustments	360,044	531,304
Health care operations	163,038	(227,663)
TOTAL	$ 1,201,861	$ 1,008,016

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Consolidated Statement of Changes in Net Assets

Year Ended March 31, 2000

	Invested in Capital Assets	Contract Facilities (Note 9)	Internally Restricted	Unrestricted	2000 Total	1999 Total
Balance, beginning of year	$ 136,310	$ 1,076,063	$ 911,846	$ 1,431,683	$ 3,555,902	$ 6,409,421
Reclassification of prior year's figures	-	-	-	-	-	(3,375,451)
Non-consolidation of previously consolidated entities (Note 12)	-	-	-	-	-	(667,204)
Balance, beginning of year, as reclassified	136,310	1,076,063	911,846	1,431,683	3,555,902	2,366,766
Excess (deficiency) of revenue over expenses	(169,256)	469,334	-	901,783	1,201,861	1,008,016
Repayment of non-Manitoba Health funded long term debt	131,331	-	-	(131,331)	-	-
Investment in capital assets	158,378	(5,198)	(153,180)	-	-	-
Return of funds previously transferred to foundations (Note 13)	-	-	-	-	-	181,120
Balance, end of year	$ 256,763	$ 1,540,199	$ 758,666	$ 2,202,135	$ 4,757,763	$ 3,555,902

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.
Consolidated Statement of Cash Flows
Year Ended March 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 1,201,861	$ 1,008,016
Items not affecting cash		
Amortization of capital assets	3,111,863	3,163,505
Amortization of deferred contributions related to expenses of future periods	(359,457)	(365,635)
Amortization of deferred contributions related to capital assets	(2,943,280)	(3,038,165)
Changes in non-cash operating working capital items	(3,633,074)	(1,301,832)
	(2,622,087)	(534,111)
FINANCING ACTIVITIES		
Increase in deferred contributions related to expenses of future periods	3,555,182	4,222,216
Increase in deferred contributions related to capital assets	4,413,051	7,541,500
Advances on long term debt	12,495,599	1,033,899
Principal payments on long term debt	(899,353)	(957,037)
Non-consolidation of previously consolidated entities	-	(667,204)
Return of funds previously transferred to foundations	-	181,120
Reclassification of prior year's net assets	-	(3,375,451)
	19,564,479	7,979,043
INVESTING ACTIVITIES		
Purchase of capital assets	(18,506,123)	(6,679,063)
Decrease in long term investments	306,000	2,171,354
Decrease in other assets	14,702	86,487
	(18,185,421)	(4,421,222)
(DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	(1,243,029)	3,023,710
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	10,880,090	7,856,380
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 9,637,061	$ 10,880,090

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Notes to the Consolidated Financial Statements

March 31, 2000

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1. NATURE OF BUSINESS

Regional Health Authority - Central Manitoba Inc. was incorporated under the laws of Manitoba on January 2, 1996. The authority commenced activity on April 1, 1997. The Authority is principally involved in providing health care services to the central region of Manitoba. The Authority is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) Basis of reporting

The Authority provides health care services through devolved and contract facilities. The contract facilities include Salem Home Inc., Tabor Senior Citizens Homes, Inc., Eden Mental Health Centre, Rock Lake Health District and Prairie View Lodge, Inc..

The health care services provided by the contract facilities are delivered under the control of the Authority as the majority funder. Accordingly, the financial position and results of operations of these related organizations are consolidated in the financial statements of the Authority. A financial summary of these contract facilities is provided in Schedules 2 and 3.

All significant inter-company and inter-divisional transactions have been eliminated. Transactions with non-controlled contract entities and certain non-devolved ambulance services have not been consolidated and the transactions are recorded as a purchased service.

b) Revenue recognition

The Authority follows the deferral method of accounting for contributions which include government grants and donations.

Under the Health Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2000.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

c) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investments

Short term investments are carried at the lower of cost and market value. At March 31, 2000, cost approximates market value for short term investments.

e) Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying value is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2%
Major equipment	10% - 20%

g) Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Authority's benefit plans for vacation and pre-retirement leave.

3. Accounts Receivable - Manitoba Health

Accounts Receivable - Manitoba Health includes the following:

	2000	1999
Approved capital projects	$ 1,410,008	$ 996,597
Budget errors	789	-
One time funding - level of care adjustments	45,423	-
One time funding - separately funded programs	-	9,495
Commitment - MNU education allowance	22,142	-
Commitment - special care nursing	14,276	-
Commitment - contract settlements - current year	1,130,643	-
Commitment - contract settlements - prior year	19,173	-
Commitment - home care transfer	-	154,300
Out of globe amounts - current year	159,312	(35,194)
Out of globe amounts - prior years	183,150	24,469
1999/2000 in globe deficit	1,979,427	-
	$ 4,964,343	$ 1,149,667

4. DEFERRED CHARGES

During the year, employees earn vacation, pre-retirement leave and other entitlements for employment services rendered. A portion of these entitlements are not paid to employees until future years. Manitoba Health normally funds these costs when the expense is paid. As of March 31, 2000, the amount of accumulated and unpaid vacation, pre-retirement leave and other entitlements was $6,997,118 (March 31, 1999 - $6,935,796). The Authority has accrued this amount as a payable and a deferred expense receivable from Manitoba Health for an equal amount has also been accrued.

5. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,187,516	$ -	$ 1,187,516	$ 1,187,516
Buildings	58,573,363	21,500,784	37,072,579	36,018,229
Major equipment	28,462,076	20,608,967	7,853,109	7,103,884
Construction in progress	19,377,000	-	19,377,000	5,638,671
	$ 107,599,955	$ 42,109,751	$ 65,490,204	$ 49,948,300

6. LONG TERM DEBT

	2000	1999
Debentures	$ 1,184,000	$ 1,589,400
Canada Mortgage and Housing Corporation mortgages	9,651,093	9,881,955
Other	15,143,540	2,911,032
	25,978,633	14,382,387
Less: current portion	891,500	1,117,628
	$ 25,087,133	$ 13,264,759

Debentures bear interest at rates between 7% to 15.75% and mature at various dates on or before November 15, 2004. The indenture documentation for the debentures outstanding assigns the subsidies provided by Manitoba Health for payment of the debenture.

Canada Mortgage and Housing Corporation mortgages bear interest between 5.52% and 15.75% and mature at various dates on or before July 1, 2024. The mortgages are secured by land and buildings.

Other loans and capital leases bear interest at floating rates based on the bank prime lending rates. The amounts are generally due on demand but have repayment terms as negotiated by the Authority. These amounts are secured by letters of comfort from Manitoba Health.

Estimated principal repayment requirements for the next five years are as follows:

2001	$ 891,500
2002	858,300
2003	756,700
2004	623,700
2005	574,100

7. DEFERRED CONTRIBUTIONS

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted donations and grants received for future expenditures including capital assets. Amortization is recorded as revenue in the statement of operations, matched with expenditures incurred with these funds.

	2000	1999
Balance, beginning of year	$ 4,744,282	$ 887,701
Reclassification of prior year's figures	-	4,185,301
Transfer to non-controlled entity	-	(51,500)
Balance, beginning of year, as reclassified	4,744,282	5,021,502
Additional contributions received	3,555,182	3,642,498
Amount transferred to capital assets	(2,253,293)	(3,554,083)
Less amounts amortized to revenue	(359,457)	(365,635)
Balance, end of year	$ 5,686,714	$ 4,744,282

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year	$ 35,418,460	$ 30,915,125
Reclassification of prior year's figures	147,644	1,343,072
Balance, beginning of year, as reclassified	35,566,104	32,258,197
Additional contributions received	4,413,051	2,644,345
Amount transferred from expenses of future periods	2,253,293	3,554,083
Less amounts amortized to revenue	(2,943,280)	(3,038,165)
Balance, end of year	$ 39,289,168	$ 35,418,460

8. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2000	1999
Capital assets	$ 65,490,204	$ 49,948,300
Amounts financed by:		
Deferred contributions	(39,289,168)	(35,418,460)
Long term debt	(25,978,633)	(14,382,387)
Working capital	34,360	(11,143)
	$ 256,763	$ 136,310

9. CONTRACT FACILITIES - NET ASSETS

Contract facilities - net assets represent the net assets, other than invested in capital assets, of the contract facilities that have been consolidated in the financial statements of the Authority.

The amounts are as follows:

	2000	1999
Internally restricted	$ 774,323	$ 652,647
Externally restricted	11,387	11,167
Unrestricted	754,489	412,249
	$ 1,540,199	$ 1,076,063

10. COMMITMENTS AND CONTINGENCIES

a) The Authority is subject to individual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the consolidated financial position of the Authority.

b) A group of hospitals, including the Authority, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of all its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2000.

11. MANITOBA HEALTH REVENUE

Manitoba Health revenue includes the following:

	2000	1999
Revenue as per final approved budget	$ 89,406,462	$ 82,460,524
Amounts recorded as deferred contributions	(1,451,614)	(1,431,192)
One time funding - construction supervision	45,000	45,000
One time funding - planning	25,000	-
One time funding - level of care adjustment	45,423	-
One time funding - flood costs	-	22,991
Current year's estimated out of globe amounts	166,047	(46,164)
Commitment - MNU education allowance	22,142	-
Commitment - special care nursing	14,276	-
Commitment - contract settlements	1,130,643	-
1999/2000 in globe deficit	1,979,427	-
Bed grants paid directly to facilities	-	10,194
Home care transfer from South Westman Regional Health Authority Inc.	-	154,300
Adjustment of prior years' surplus / deficit	-	9,456
	$ 91,382,806	$ 81,225,109

12. NON-CONSOLIDATION OF PREVIOUSLY CONSOLIDATED ENTITIES

At March 31, 1999, the opening net assets of discontinued operations were removed from the consolidated net assets of the Authority.

13. RETURN OF FUNDS PREVIOUSLY TRANSFERRED TO FOUNDATIONS

During the year ended March 31, 1999, the Rock Lake Health District Foundation Inc. returned previously transferred funds of $181,120 to Rock Lake Health District.

14. COMPARATIVE FIGURES

Certain of the prior year comparative figures have been restated to conform with current year presentation.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of short-term financial assets and liabilities are reasonable estimates of their fair values because of the short maturity of those instruments. Short term financial assets are comprised of cash, short term investments and accounts receivable. Short term financial liabilities are comprised of accounts payable and accrued liabilities.

16. ECONOMIC DEPENDENCE

The Authority receives approximately 80% of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for its continued operations.

17. PENSION PLAN

Substantially all facility based employees of the Authority are members of the Health Employees Pension Plan ("HEPP") which is a multi-employer defined benefit pension plan available to all eligible facility based employees. Former civil servants transferred to the Authority are members of the Civil Service Superannuation Plan which is a government based defined benefit plan available to all transferred employees. Plan members will receive benefits based on the length of service and on the average of their highest five earning years in the ten year period prior to retirement.

The most recent actuarial valuation of the HEPP at December 31, 1999 indicates the Plan is fully funded. The Civil Service Superannuation Plan is unfunded and requires no contributions by the Authority.

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Schedule 1

Statement of Operations - Ancillary Operations

Year Ended March 31, 2000

	Elderly Person's Housing	Services for Seniors	Handivan	Retail Pharmacy	Contract Facilities	2000	1999
REVENUE							
Outside sources	$ 934,968	$ 16,392	$ 50,345	$ 512,921	$ 134,108	$ 1,648,734	$ 1,739,015
Amortization of deferred contributions	14,085	-	26,040	-	-	40,125	129,138
	949,053	16,392	76,385	512,921	134,108	1,688,859	1,868,153
EXPENSES							
Operating	510,821	14,904	32,838	429,747	123,149	1,111,459	1,134,983
Amortization of capital assets	104,161	-	26,040	-	-	130,201	126,935
Interest on long term debt	311,176	-	-	-	-	311,176	319,018
Major repairs	2,908	-	-	-	-	2,908	147,462
	929,066	14,904	58,878	429,747	123,149	1,555,744	1,728,398
EXCESS OF REVENUE OVER EXPENSES	$ 19,987	$ 1,488	$ 17,507	$ 83,174	$ 10,959	$ 133,115	$ 139,755

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Schedule 2

Statement of Financial Position - Segmented

March 31, 2000

	Devolved	Contract	2000	1999
ASSETS				
CURRENT				
Cash and short term investments	$ 7,756,323	$ 1,880,738	$ 9,637,061	$ 10,880,090
Accounts receivable, net	2,113,199	379,381	2,492,580	1,937,199
Accounts receivable - Manitoba Health	5,097,873	(133,530)	4,964,343	1,149,667
Inventories	941,423	129,646	1,071,069	1,193,414
Prepaid expenses	38,439	22,694	61,133	86,195
Deferred charges	5,900,000	1,097,118	6,997,118	6,935,796
	21,847,257	3,376,047	25,223,304	22,182,361
INVESTMENTS	-	-	-	306,000
CAPITAL ASSETS	56,868,716	8,621,488	65,490,204	49,948,300
OTHER ASSETS	-	141,920	141,920	156,622
	$ 78,715,973	$ 12,139,455	$ 90,855,428	$ 72,593,283
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 7,570,531	$ 575,501	$ 8,146,032	$ 7,556,456
Accrued vacation pay and pre-retirement leave	5,900,000	1,097,118	6,997,118	6,935,796
Current portion of long term debt	737,700	153,800	891,500	1,117,628
	14,208,231	1,826,419	16,034,650	15,609,880
LONG TERM DEBT	23,541,991	1,545,142	25,087,133	13,264,759
DEFERRED CONTRIBUTIONS				
Expenses of future periods	5,415,927	270,787	5,686,714	4,744,282
Capital assets	32,432,266	6,856,902	39,289,168	35,418,460
	37,848,193	7,127,689	44,975,882	40,162,742
NET ASSETS				
Invested in capital assets	156,757	100,006	256,763	136,310
Contract facilities	-	1,540,199	1,540,199	1,076,063
Internally restricted	758,666	-	758,666	911,846
Unrestricted	2,202,135	-	2,202,135	1,431,683
	3,117,558	1,640,205	4,757,763	3,555,902
	$ 78,715,973	$ 12,139,455	$ 90,855,428	$ 72,593,283

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.

Schedule 3

Statement of Operations - Segmented

Year Ended March 31, 2000

	Devolved	Contract	2000	1999
REVENUE				
Manitoba Health	$ 78,922,077	$ 12,460,729	$ 91,382,806	$ 81,225,109
Other government departments	470,960	-	470,960	189,809
Non-insured income - acute	840,499	75,767	916,266	1,066,770
Residential income - long term care	6,535,862	2,742,685	9,278,547	9,217,582
Other income	1,794,876	657,839	2,452,715	2,644,465
Y2K	2,014,993	3,711	2,018,704	133,016
Amortization of deferred contributions	2,831,060	431,552	3,262,612	3,274,662
Interest and donations	437,974	159,330	597,304	745,209
Ancillary operations	1,554,752	134,107	1,688,859	1,868,153
	95,403,053	16,665,720	112,068,773	100,364,775
EXPENSES				
Acute care services	36,546,060	972,611	37,518,671	33,648,717
Long term care services	22,062,158	9,885,680	31,947,838	29,756,725
Medical remuneration	5,973,307	1,305,424	7,278,731	6,260,261
Therapy services	1,017,923	-	1,017,923	901,388
Community based services administration	515,289	-	515,289	517,441
Community based mental health services	2,038,446	3,327,203	5,365,649	5,131,070
Community based home care services	10,824,152	-	10,824,152	10,004,141
Community based health services	2,339,853	-	2,339,853	1,935,924
Adult day care	383,637	131,543	515,180	459,086
Land ambulance	1,478,004	-	1,478,004	1,300,742
Regional health authority	4,544,974	-	4,544,974	3,423,580
Interest on long term debt	557,626	114,402	672,028	734,789
Pre-retirement leave	282,845	37,119	319,964	314,670
Y2K	2,014,993	3,802	2,018,795	133,016
Other expenses - non-global	-	-	-	156,864
Amortization of capital assets	2,572,309	409,353	2,981,662	3,036,570
Major repairs	4,159	24,321	28,480	105,170
Donations to foundations	287,768	16,251	304,019	313,511
Ancillary operations	1,432,595	123,149	1,555,744	1,728,398
	94,876,098	16,350,858	111,226,956	99,862,063
OPERATING EXCESS OF REVENUE OVER EXPENSES	526,955	314,862	841,817	502,712
OTHER INCOME (EXPENSE)				
Prior years funding adjustments	208,366	151,678	360,044	531,304
Contract facility transactions	-	-	-	(26,000)
	208,366	151,678	360,044	505,304
EXCESS OF REVENUE OVER EXPENSES	$ 735,321	$ 466,540	$ 1,201,861	$ 1,008,016
ALLOCATION OF EXCESS OF REVENUE OVER EXPENSES				
Y2K	$ -	$ (91)	$ (91)	$ -
Capital and donations to foundations	(33,176)	(18,373)	(51,549)	(180,589)
Interest and donations	437,974	159,330	597,304	745,209
Ancillary operations	122,157	10,958	133,115	139,755
Prior years' funding adjustments	208,366	151,678	360,044	531,304
Health care operations	-	163,038	163,038	(227,663)
TOTAL	$ 735,321	$ 466,540	$ 1,201,861	$ 1,008,016

Sill & Company
Chartered Accountants

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.:

We have audited the consolidated statement of financial position of **SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.** as at **MARCH 31, 2000** and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at **MARCH 31, 2000** and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Sill + Company

Winnipeg, Manitoba
June 22, 2000

CHARTERED ACCOUNTANTS

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Thomas Sill C.A.
(1927-1986) Founder

Partners
W.D. Bodman C.A.
K.W. Grower F.C.A.
S.G. Andrew C.A.
F.A. Wiebe C.A.
N. Fry C.A.
W.W. Findlater C.A.
R.J. Martens C.A.
T.R. McKen F.C.A.
D.L. Andersen C.A.
A.A. DeVilliers C.A.
R.W. Westlake C.A.
G.J. Meger C.A.
M.J. Mills C.A.
D.J. Enerson C.A.
R.A. Lawrence C.A.

Consultants
H. Friko F.C.A.
R. Fast F.C.A.
K.M. McLean C.A.
M.A. [illegible] F.C.A.

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2000

		2000	1999
ASSETS			
CURRENT			
Cash and term deposits	$	620,570	1,704,775
Accounts receivable		1,028,504	1,406,403
Inventories (Note 2)		550,006	501,657
Prepaid expense		50,953	53,789
Deferred vacation and retirement entitlement costs (Note 2)		1,484,782	1,169,260
		3,734,815	4,835,884
RESTRICTED (Note 3)		723,225	832,258
CAPITAL ASSETS (Notes 2 and 4)		28,702,947	27,391,341
	$	33,160,987	33,059,483

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2000

	2000	1999
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 1,608,599	1,650,792
Accrued vacation and retirement pay	1,484,782	1,169,260
Current portion of long-term debt (Note 5)	665,261	787,258
	3,758,642	3,607,310
LONG-TERM DEBT (Note 5)	11,484,320	11,567,415
DEFERRED CONTRIBUTIONS (Note 6)		
Expenses of future periods	228,753	219,837
Capital assets	16,415,759	14,532,541
	16,644,512	14,752,378
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS		
Investment in capital assets (Note 7)	137,607	504,127
Externally restricted - Contract Facilities	228,937	321,572
Externally restricted	723,225	832,258
Unrestricted	183,744	1,474,423
	1,273,513	3,132,380
	$ 33,160,987	33,059,483

Approved on behalf of the Board

Director

Director

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2000

	2000	1999
REVENUE		
Manitoba Health	$ 31,959,041	29,263,097
Non-insured income	3,357,666	3,325,164
Other income and recovered services	408,618	419,231
Ambulance income	429,080	403,323
Amortization of deferred contributions	1,444,650	952,212
	37,599,055	34,363,027
EXPENDITURES		
Acute care services	11,844,731	10,700,279
Adult day care	78,480	47,280
Amortization of capital assets	1,384,419	985,776
Community based health services	3,174,414	2,349,983
Community based home care services	6,107,630	5,199,299
Community based mental health services	326,311	325,587
Community therapy services	329,234	329,233
Interest on long-term debt	776,295	754,614
Laboratory and X-ray	461,893	325,849
Land ambulance	668,057	639,802
Long-term care services	10,758,500	9,742,316
Medical remuneration	2,192,591	1,837,027
Personal care home drugs	432,251	348,647
Regional Health Authority costs	710,955	699,286
	39,245,761	34,284,978
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	(1,646,706)	78,049
OTHER ITEMS		
Donation revenue (Note 2)		21,534
Manitoba Health		
Anticipated settlements - 1998/99		143,053
Chemotherapy recovery - 1998/99	112,990	
Settlement - 1997/98	19,537	(182,353)
Collective agreement settlements - 1998/99	105,140	
	237,667	(17,766)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR YEAR	$ (1,409,039)	60,283

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2000

		Investment in Capital Assets	Contract Facilities	Externally Restricted	Unrestricted	2000 Total	1999 Total
BALANCE, BEGINNING OF YEAR	$	504,127	321,572	832,258	1,474,423	3,132,380	3,302,012
Transfer to contract facilities			29,414		(29,414)		
Transfers to deferred contributions			(29,231)	(40,680)	(311,564)	(381,375)	(172,339)
Expenditures during year				(68,453)		(68,453)	(75,505)
Transfers to Foundations							(81,817)
Excess (deficiency) of revenue over expenditures for year		60,231	(92,818)		(1,376,452)	(1,409,039)	60,283
Net changes in investment in capital assets (Note 7)		(426,751)			426,751		99,746
BALANCE, END OF YEAR	$	137,607	228,937	723,225	183,744	1,273,513	3,132,380

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2000

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for year	$ (1,409,039)	60,283
Adjustments for		
Amortization of capital assets	1,384,419	985,776
Amortization of deferred contributions related to capital assets	(1,444,650)	(952,212)
	(1,469,270)	93,847
Changes in non-cash working capital		
Accounts receivable	377,899	(508,762)
Inventories	(48,349)	(18,758)
Prepaid expense	2,836	34,272
Deferred vacation and retirement entitlement costs	(315,522)	(125,187)
Accounts payable and accrued liabilities	(42,193)	450,375
Accrued vacation and retirement pay	315,522	125,187
	290,193	(42,873)
	(1,179,077)	50,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in restricted assets	109,033	131,004
Purchase of capital assets (net)	(2,696,025)	(1,673,078)
Restricted assets expenditures	(68,453)	(75,505)
	(2,655,445)	(1,617,579)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in investment in capital assets		99,746
Advances of long-term debt	458,000	
Repayment of long-term debt	(663,092)	(680,358)
Repayment of funds to Foundations		(443,712)
Increase (decrease) in deferred contributions related to expenses of future periods (net)	8,916	(21,384)
Receipt of deferred contributions related to capital assets	3,327,868	2,253,690
Net transfers	(381,375)	(254,156)
	2,750,317	953,826
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,084,205)	(612,779)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,704,775	2,317,554
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 620,570	1,704,775

1. ENTITY DEFINITION

South Eastman Health/Santé Sud-Est Inc. was incorporated under the laws of the Province of Manitoba on January 2, 1996. The Authority commenced providing health care services on April 1, 1997 in the southeastern region of Manitoba. The Authority is a registered charity under The Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of The Income Tax Act are met.

Under the Regional Health Authorities and Consequential Amendments Act, the Authority entered into negotiations with all health care facilities in the region to either transfer those facilities operations, property, liabilities and obligations to the Authority or to operate as a contract facility funded by the Authority. These negotiations have been completed. Obligations under these agreements are detailed further in Note 3.

Three facilities within the region operate under contract arrangements for funding with the Authority. They are Rest Haven Nursing Home, Menno Home for the Aged and Villa Youville Inc. - Nursing. The operations of these facilities have been consolidated in these financial statements as the Authority exercises significant influence over them by virtue of acting as funding agent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with generally accepted accounting policies.

Revenue recognition

The Authority follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

With respect to actual operating results, certain adjustments to funding will be made by Manitoba Health after completion of their review of the Authority's accounts. It is anticipated based on discussions with Manitoba Health that a majority of the current year's operating deficit will be funded upon completion of this review.

Any adjustments will be reflected in the year the final statement of recommended costs is received from Manitoba Health.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue in the year in which it is earned.

Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined by the first-in, first-out method.

Deferred vacation and retirement entitlements

Accrued vacation and retirement pay is deferred and charged to expense as the employees take the corresponding vacation time or retire.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	- 10%
Buildings	- 2% to 2.5%
Major equipment	- 10% to 20%

3. RESTRICTED ASSETS

The Authority entered and completed negotiations with the health facilities in the region to have their obligations, property, and liabilities transferred to it. The Authority agreed to use prior operating surpluses to promote health within the specific districts. These operating surpluses were as follows:

		De Salaberry District Health Centre	Vita and District Health Centre	Ste. Anne Hospital	Total
Balance, beginning of year	$	271,914	504,959	55,385	832,258
1999/2000 expenditures		(20,000)	(35,652)	(12,801)	(68,453)
Transfers to deferred contributions			(25,190)	(15,390)	(40,580)
Balance, end of year	$	251,914	444,117	27,194	723,225

The Authority also agreed to use current ambulance surpluses and assets for improving emergency medical services in accordance with the terms of the agreements.

4. CAPITAL ASSETS

		2000		1999	
		Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$	659,418		659,418	
Land improvements		435,706	404,155	435,706	400,455
Buildings		30,406,460	7,046,817	29,842,193	6,140,021
Major equipment		12,541,414	7,889,079	10,409,656	7,415,156
		44,042,998	15,340,051	41,346,973	13,955,632
Cost less accumulated amortization	$	28,702,947		27,391,341	

5. LONG-TERM DEBT

	2000	1999
Debenture payable	$ 328,000	437,000
Mortgages payable	11,363,581	11,917,673
Demand loan payable	458,000	
	12,149,581	12,354,673
Current portion of long-term debt	665,261	787,258
	$ 11,484,320	11,567,415

The debenture bears interest at 13.375%, matures on October 31, 2002 and requires annual payments of principal of $109,000.

The mortgages bear interest between 5.38% and 10.5%, mature on various dates on or before March, 2027 and require annual payments of principal and interest of $893,519.

The demand loan payable bears interest at Royal Bank prime less 1/2% and requires monthly interest-only payments until the beginning of construction of the Bethesda personal care home (maximum period of 2 years), at which point the repayment terms will be finalized.

The debenture and mortgages payable are secured by Letters of Comfort from Manitoba Health. The demand loan payable and mortgages are also secured by land and buildings.

Principal payments due in the next five years are as follows:

2001	$ 665,261
2002	781,393
2003	827,369
2004	767,143
2005	826,288

6. DEFERRED CONTRIBUTIONS

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs and construction projects.

		2000	1999
Balance, beginning of year	$	219,837	241,221
Add amount received during year		24,154	24,154
Less 1999/2000 expenditures		(15,238)	(45,538)
Balance, end of year	$	228,753	219,837

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations, grants or approved borrowing.

		2000	1999
Balance, beginning of year	$	14,532,541	13,231,063
Additional contributions received		3,327,868	2,253,690
Less amounts amortized to revenue		(1,444,650)	(952,212)
Balance, end of year	$	16,415,759	14,532,541

7. INVESTMENT IN CAPITAL ASSETS

A) Investment in capital assets is calculated as follows:

	2000	1999
Capital assets	$ 28,702,947	27,391,341
Amounts financed by		
Deferred contributions	16,415,759	14,532,541
Loan and mortgage payable	12,149,581	12,354,673
	$ 137,607	504,127

B) Change in net assets invested in capital assets is calculated as follows:

	2000	1999
Excess of revenues over expenditures		
Amortization of deferred contributions related to capital assets	$ 1,444,650	952,212
Amortization of capital assets	(1,384,419)	(985,776)
	60,231	(33,564)
Net changes in investment in capital assets		
Purchase of capital assets (net)	2,696,025	1,673,078
Amounts funded by		
Manitoba Health funding	(1,716,797)	(1,287,138)
Advances on long-term debt	(458,000)	
Donations	(557,123)	(91,685)
Transfers		
Restricted assets	(40,580)	(55,499)
Unrestricted equity	(311,564)	(76,880)
Contract facilities	(29,231)	(39,960)
Repayment of debentures, loans and mortgages	663,092	680,358
Manitoba Health debt service funding	(672,573)	(702,528)
	$ (426,751)	99,746

8. COMMITMENTS AND CONTINGENCIES

A) The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2000, management believes the Authority has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

B) A group of hospitals, including the Authority, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to re-assessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No re-assessments have been made to March 31, 2000.

9. PENSION PLAN

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (a successor of the Manitoba Health Organization Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.6% of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employee's contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at January 1, 2000 indicates the Plan is fully funded. Contributions to the Plan made during the year by the Authority on behalf of its employees amounted to $838,690 and are included in the statement of operations.

10. FINANCIAL INSTRUMENTS

Credit risk

The Authority is exposed to credit risk in the event of non-performance by counter parties, but management does not anticipate significant non-performance by any of the counter parties. The Authority's accounts receivable are comprised mostly of amounts due from Manitoba Health.

11. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

12. COMPARATIVE FIGURES

Certain of the comparative figures for the year ended March 31, 1999 have been reclassified to provide better comparison with the current year's presentation. Excess of revenue over expenditures remains as previously reported.

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED SCHEDULE OF FINANCIAL POSITION
March 31, 2000

		Regional Health Authority	Contract Facilities	2000 Consolidated Total	1999 Consolidated Total
CURRENT					
Cash and term deposits	$	416,699	203,871	620,570	1,704,775
Accounts receivable		723,496	305,008	1,028,504	1,406,403
Inventories		497,900	52,106	550,006	501,657
Prepaid expense		38,166	12,787	50,953	53,789
Deferred vacation and retirement entitlement costs		1,161,792	322,990	1,484,782	1,169,260
		2,838,253	896,562	3,734,815	4,835,884
RESTRICTED		723,225		723,225	832,258
CAPITAL ASSETS		25,167,051	3,535,896	28,702,947	27,391,341
		28,728,529	4,432,458	33,160,987	33,059,483
CURRENT					
Accounts payable and accrued liabilities		1,314,151	294,448	1,608,599	1,650,792
Accrued vacation and retirement pay		1,161,792	322,990	1,484,782	1,169,260
Current portion of long-term debt		551,952	113,309	665,261	787,258
		3,027,895	730,747	3,758,642	3,607,310
LONG-TERM DEBT		8,198,534	3,285,786	11,484,320	11,567,415
DEFERRED CONTRIBUTIONS					
Expenses of future period		96,989	131,764	228,753	219,837
Capital assets		16,283,743	132,016	16,415,759	14,532,541
		16,380,732	263,780	16,644,512	14,752,378
NET ASSETS					
Investment in capital assets		214,399	(76,792)	137,607	504,127
Externally restricted - Contract Facilities			228,937	228,937	321 572
Externally restricted		723,225		723,225	832,258
Unrestricted		183,744		183,744	1,474,423
		1,121,368	152,145	1,273,513	3,132,380
	$	28,728,529	4,432,458	33,160,987	33,059,483

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

CONSOLIDATED SCHEDULE OF OPERATIONS
Year ended March 31, 2000

		Acute Care	Long-term Care	Community Health & Other Programs	Corporate Office	RHA Total	Contract Facilities	2000 Consolidated Total	1999 Consolidated Total
REVENUE									
Manitoba Health	$	10,840,951	3,343,573	12,623,080	736,790	27,584,394	4,404,847	31,989,241	29,352,077
Non-insured income		325,073	1,283,326			1,608,399	1,739,267	3,347,666	3,325,184
Other income and recovered services		264,836	18		130,200	395,054	13,564	408,618	410,231
Ambulance income				429,080		429,080		429,080	403,323
Amortization of deferred revenue contributions related to capital assets		886,247	279,401		120,299	1,285,947	158,703	1,444,650	852,212
		12,317,107	4,907,318	13,052,160	986,289	31,262,874	6,336,181	37,599,055	34,343,027
EXPENDITURES									
Acute care services		11,844,731				11,844,731		11,844,731	10,700,279
Adult day care				78,480		78,480		78,480	47,280
Amortization of capital assets		835,256	239,410		129,299	1,203,965	186,454	1,390,419	985,776
Community based health services				3,174,414		3,174,414		3,174,414	2,349,983
Community based home care services				6,107,630		6,107,630		6,107,630	5,199,289
Community based mental health services				326,311		326,311		326,311	325,537
Community therapy services				320,234		320,234		320,234	329,233
Interest on long-term debt		253,419	293,814		23,167	570,400	200,095	770,495	754,814
Lab and X-ray				481,893		481,893		481,893	325,849
Land ambulance				858,057		858,057		858,057	639,802
Long-term care services			4,688,137			4,688,137	6,080,363	10,768,500	9,742,316
Medical remuneration				2,182,581		2,182,581		2,182,581	1,837,027
PCH drug expense				432,251		432,251		432,251	348,647
Regional Health Authority costs					710,955	710,955		710,955	699,286
		12,933,406	5,221,161	13,760,861	863,421	32,778,849	6,466,912	39,245,761	34,264,978
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS		(616,299)	(313,843)	(708,701)	122,868	(1,515,975)	(130,731)	(1,646,706)	78,049
OTHER ITEMS									
Donation income						0		0	21,534
Manitoba Health									
Anticipated settlements - 1998/99						0		0	143,053
Chemotherapy recovery - 1998/99		112,990				112,990		112,990	
Settlements - 1997/98		19,537				19,537		19,537	(182,353)
Collective agreement settlements - 1998/99		20,213	47,014			67,227	37,913	105,140	0
		152,740	47,014	0	0	199,754	37,913	237,667	(17,766)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR YEAR	$	(463,559)	(266,829)	(708,701)	122,868	(1,316,221)	(92,818)	(1,409,039)	60,283

BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

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Auditors' Report

To the Board of Directors of
SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

We have audited the balance sheet of **SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.** as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
August 4, 2000

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

Balance Sheet

March 31		2000		1999
Assets				
Current Assets				
Cash	$	123,014	$	7,390,691
Temporary investments		2,606,241		-
Accounts receivable (Note 1)		2,180,423		917,916
Deferred benefit entitlements (Note 2)		2,812,827		2,643,368
Inventories		424,285		623,343
Prepaid expenses		65,524		91,920
		8,212,314		11,667,238
Capital assets (Note 3)		40,729,676		31,128,556
Trust assets		39,018		39,060
	$	48,981,008	$	42,834,854
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	3,181,329	$	3,215,777
Current portion of long-term debt (Note 4)		12,427,910		5,036,758
Deferred benefit entitlements (Note 2)		2,812,827		2,643,368
		18,422,066		10,895,903
Long-term debt (Note 4)		5,314,093		5,372,127
		23,736,159		16,268,030
Deferred contributions (Note 5)		23,437,734		23,093,335
Deferred income (Note 6)		97,176		71,756
Trust liabilities		39,018		39,060
Total liabilities		47,310,087		39,472,181
Net Assets				
Net assets invested in capital assets (Note 7)		2,336,526		1,158,219
Net assets internally restricted (Note 8)		1,825		6,199
Unrestricted net assets		(667,430)		2,198,255
		1,670,921		3,362,673
	$	48,981,008	$	42,834,854

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGiONAL HEALTH AUTHORITY INC.
Statement of Changes In Net Assets

For the year ended March 31	Invested In Capital Assets	Internally Restricted	Unrestricted	2000 Total	1999 Total
Balance, beginning of year	$ 1,158,219	$ 6,199	$ 2,198,255	$ 3,362.673	$ 3,513,778
Prior period adjustments (Note 9)	-	11,503	(34,941)	(23,438)	(304,846)
Interfund transfers (Note 10)	1,315,514	(15,877)	(1,299,637)	-	-
Net Income, for the year	(137,207)	-	(1,531,107)	(1,668,314)	153,741
Balance, end of year	$ 2,336,526	$ 1,825	$ (667,430)	$ 1,670,921	$ 3,362,673

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Statement of Operations

For the year ended March 31	2000	1999
Revenues		
Manitoba Health operating income (Note 11)	$ 39,593,770	$ 35,801,917
Non-insured income	5,653,595	5,727,171
Amortization of deferred contributions	1,920,930	1,887,291
Other income	1,414,181	1,360,291
Ancillary revenue	348,058	346,049
Province of Manitoba	142,217	-
	49,072,751	45,122,719
Expenses		
Long-term care	17,066,479	16,438,675
Acute care expenses	15,629,209	14,618,530
Medical remuneration	3,907,240	3,244,959
Community-based home care services	3,844,101	3,265,902
Regional health authority costs	2,814,627	1,486,920
Amortization of capital assets	1,871,995	1,827,236
Land ambulance	1,480,306	1,209,787
Community-based health services	1,261,436	1,028,576
Year 2000, flood disaster and construction officer costs	1,138,987	272,899
Interest on long-term debt	562,627	521,274
Community-based mental health services	427,589	330,589
Ancillary expenses	300,243	306,386
Community-based therapy services	269,555	261,126
Community-based services administration	166,671	156,119
	50,741,065	44,968,978
Excess (deficiency) of revenues over expenses for the year	$ (1,668,314)	$ 153,741

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

Statement of Cash Flows

For the year ended March 31	2000	1999
Cash Flows from Operating Activities		
Excess (deficiency) of revenues over expenses	$ (1,668,314)	$ 153,741
Items not involving cash		
Prior period adjustment	(23,438)	-
Amortization of deferred contributions	(1,920,930)	(1,887,291)
Amortization of capital assets	1,871,995	1,827,236
	(1,740,687)	93,686
Changes in non-cash working capital balances		
Accounts receivable	(1,262,507)	3,468,249
Inventories	199,058	(57,377)
Prepaid expenses	26,396	(19,410)
Short-term investments	(2,606,241)	-
Funds held by Manitoba Health	-	77,972
Accounts payable and accrued liabilities	(34,451)	(2,989,375)
	(5,418,432)	573,745
Cash Flows from Investing and Financing Activities		
Purchase of capital assets	(11,473,115)	(2,381,739)
Donations received	363,388	588,061
Manitoba Health capital funding	1,901,944	1,245,215
Increase (decrease) in long-term debt	7,333,118	(584,752)
Decrease in deferred income/contributions	25,420	(42,789)
	(1,849,245)	(1,176,004)
Increase in cash during the year	(7,267,677)	(602,259)
Cash and cash equivalents, beginning of year	7,390,691	7,992,950
Cash and cash equivalents, end of year	$ 123,014	$ 7,390,691

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Nature and Purpose of Organization

South Westman Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of Manitoba. The organization's mission is to promote and enhance the physical, mental and spiritual well-being for the South Westman region through the provision of high quality health services and programs which are responsive, accessible, coordinated and sustainable.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Basis of Reporting

These financial statements include the accounts of all controlled not-for-profit organizations of South Westman Regional Health Authority Inc. All significant inter divisional transactions have been eliminated.

The assets, liabilities, and operations of the following controlled not-for-profit organizations have been included in these financial statements:

Baldur Handi-Van Service (Note 12)
Baldur Health District
Baldur Health District Ambulance Service
Boissevain Ambulance Service
Boissevain Health Centre
Cartwright and District Hospital
Cartwright Ambulance Service
Deloraine and District Elderly and Infirm Persons Housing Inc.
Deloraine Health Centre
Deloraine Health Centre Ambulance Service
Glenboro Handi-Van Service (Note 12)
Glenboro Health District
Glenboro Health District Ambulance Service
Hartney Handi-Transit (Note 12)
Hartney Medical Nursing Unit
Health District No. 10 - Elkwood Manor
Health District No. 10 - Reston District Health Centre
Health District No. 10 - Virden District Hospital
Killarney and District Ambulance Service
Melita Health Centre
Souris Ambulance Service
Souris Handi-Transit (Note 12)
Souris Health District
South Westman Regional Health Authority Inc.
Tiger Hills Handi-Van Service (Note 12)
Tiger Hills Health District
Tiger Hills Health District Ambulance Service
Tiger Hills Villa Inc. (Note 13)
Tri-Lake Health Centre
Victoria Park Lodge
Virden District Ambulance Service
Virden and District Elderly Persons Housing Corporation
Wawanesa and District Ambulance Service
Wawanesa and District Memorial Health Centre
West-Man Nursing Home Inc.
Westview Lodge

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Summary of Significant Accounting Policies

March 31, 2000

Financial Instruments

South Westman Regional Health Authority Inc.'s financial instruments consist of cash, accounts receivable, temporary investments, accounts payable, amounts due from (to) Manitoba Health and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

Inventories

Inventories are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Ambulance garages	20 years straight-line basis
Ambulance radios	5 years straight-line basis
Automotive equipment	5 years straight-line basis
Building	40 years straight-line basis
Computers	5 years straight-line basis
Equipment	10 years straight-line basis
Land improvements	15 years straight-line basis
Leaseholds	3 years straight-line basis

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.

Notes to Financial Statements

March 31, 2000

1. Accounts Receivable

	2000	1999
Due to Manitoba Health (Out of Globe)	$ 874,449	$ 416,389
Due to Manitoba Health (Past Commitments)	277,993	-
Trade	1,027,981	501,527
	$ 2,180,423	$ 917,916

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is carried on the balance sheet as a payable due to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by South Westman Regional Health Authority Inc. and what must be repaid to Manitoba Health.

Conversely, any operating deficit related to Out of Globe funding arrangements is carried on the balance sheet as a receivable from Manitoba Health until Manitoba Health reviews the financial statements. At that time Manitoba Health submits their final cost approvals which indicate the portion of the deficit that will be paid to South Westman Regional Health Authority Inc. Effective in 1992 the Province of Manitoba implemented a no deficit recovery policy which, subject to an appeal by the Regional Health Authority, stipulates that Manitoba Health will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by Manitoba Health are absorbed by the Regional Health Authority.

Differences that may occur on final settlement of approved costs are charged directly to current years operations.

2. Deferred Benefit Entitlements

Certain accrued employee benefit costs, including vacation pay and pre-retirement leave are recorded in accordance with the policy determined by Manitoba Health. This policy is to disclose the amount of both the accrued liability for these costs and the related amount receivable from Manitoba Health separately in the statement of financial position. Neither the change of the accrued liability or the related receivable is recorded in the statement of operations.

3. Capital Assets

	2000			1999		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 246,002	$ -	$ 246,002	$ 246,002	$ -	$ 246,002
Buildings	38,325,947	13,599,399	24,726,548	36,830,263	12,636,979	24,193,284
Leaseholds	6,000	6,000	-	6,000	4,000	2,000
Equipment, ambulance garages, ambulance radios, vehicles and computers	19,911,917	14,972,079	4,939,838	18,308,256	13,894,339	4,413,917
Construction in progress	10,541,224	-	10,541,224	1,976,164	-	1,976,164
Land improvements	1,026,493	750,429	276,064	1,011,956	714,767	297,189
	$ 70,057,583	$ 29,327,907	$ 40,729,676	$ 58,378,641	$ 27,250,085	$ 31,128,556

4. Long-term Debt

	2000	1999
Mortgage payable to Canada Mortgage and Housing Corporation at 5.43%, due December 1, 2015, monthly payments of $3,933 principal and interest, secured by a mortgage on buildings.	$ 500,911	$ 520,567
Mortgage payable to Canada Mortgage and Housing Corporation at 10.00%, due October 1, 2027, monthly payments of $2,702 principal and interest, secured by a mortgage on buildings.	308,540	310,626
Mortgage payable to Canada Mortgage and Housing Corporation at 10.00%, due October 1, 2027, monthly payments of $1,855 principal and interest, secured by a mortgage on buildings.	211,821	213,253
Mortgage payable to Canada Mortgage and Housing Corporation at 6.19%, due January 1, 2008, monthly payments of $6,985 principal and interest, secured by a mortgage on buildings.	524,714	571,091
Mortgage payable to Canada Mortgage and Housing Corporation at 8.00%, due June 1, 2026, monthly payments of $2,336 principal and interest, secured by a mortgage on buildings.	310,846	314,275
Mortgage payable to Canada Mortgage and Housing Corporation at 10.50%, due March 1, 2028, monthly payments of $4,123 principal and interest, secured by a mortgage on buildings.	454,053	456,720
Mortgage payable to Canada Mortgage and Housing Corporation at 8.00%, due July 1, 2026, monthly payments of $1,778 principal and interest, secured by a mortgage on buildings.	234,926	239,297
Mortgage payable to Canada Mortgage and Housing Corporation at 10.00%, due May 1, 2028, monthly payments of $2,644 principal and interest, secured by a mortgage on buildings.	300,940	302,868
Mortgage payable to Canada Mortgage and Housing Corporation at 6.83%, due October 1, 2016, monthly payments of $4,514 principal and interest, secured by a mortgage on buildings.	540,191	557,260

4. Long-term Debt (continued)

Mortgage payable to Canada Mortgage and Housing Corporation at 6.875%, due December 1, 2019, monthly payments of $1,369 principal and interest, secured by a mortgage on buildings.	178,500	182,667
Mortgage payable to Canada Mortgage and Housing Corporation at 5.125%, due September 1, 2009, monthly payments of $514 principal and interest, secured by a mortgage on buildings.	46,415	50,126
Mortgage payable to Canada Mortgage and Housing Corporation at 7.75%, due October 1, 2022, monthly payments of $2,763 principal and interest, secured by a mortgage on buildings.	353,855	359,571
Mortgage payable to Tiger Hills Credit Union Limited, at 6.32%, monthly payments of $8,001 principal and interest, secured by a first charge against the Tiger Hills Villa land and building, a general assignment of all rents and leases and a chattel mortgage covering the appliances in the Tiger Hills Villa.	1,289,199	1,303,013
Mortgage payable to the Royal Bank at 6.95%, due December 3, 2001, monthly payments of $455 principal and interest.	59,182	60,528
Loan payable to the Royal Bank at 6.00%, due July 5, 2000.	4,681,728	4,898,052
Loan payable to the Royal Bank at 6.07%, due July 7, 2000.	4,435,440	-
Loan payable - Royal Bank prime less 0.50%, due April 1, 2007, repayable in monthly instalments of $558 plus interest.	46,788	53,484
Demand loan payable - Royal Bank prime less 0.50%.	263,366	-
Loan payable to the Killarney Foundation at 6.25%, due January 1, 2001 repayable in monthly instalments of $747 principal and interest.	7,259	15,487
Demand loan payable - Royal Bank prime less 0.50%.	2,512,708	-
Demand loan payable - Royal Bank prime less 0.50%.	480,621	-
	17,742,003	10,408,885
Less current portion	(12,427,910)	(5,036,758)
	$ 5,314,093	$ 5,372,127

4. Long-term Debt (continued)

Principal repayments for the next five years and thereafter are as follows:

2001	$ 12,427,910
2002	205,500
2003	157,000
2004	167,200
2005	167,200
Thereafter	4,617,193
	$ 17,742,003

5. Deferred Contributions

Spent and unspent deferred contributions represent restricted capital funding received from Manitoba Health. Donations were received from other sources restricted for the purchase of depreciable capital assets.

	Spent	Unspent	Other	Total
Balance, beginning of year	$ 19,466,596	$ 657,035	$ 2,969,704	$ 23,093,335
Funding Manitoba Health	895,927	1,006,017	-	1,901,944
Donations received	-	-	252,370	252,370
Interest earned	-	-	110,019	110,019
Other receipts	-	20,775	-	20,775
Capital asset purchases	2,784,258	(1,902,941)	(881,317)	-
Re-classification	(743,594)	743,594	-	-
Amortization	(1,940,709)	-	-	(1,940,709)
Balance, end of year	$ 20,462,478	$ 524,480	$ 2,450,776	$ 23,437,734

6. Deferred Income

Deferred income relates to non-capital expenses of future periods and represents unspent resources externally restricted. Deferred income will be recognized when the related expenses are incurred.

	2000	1999
Balance, beginning of year	$ 71,756	$ 114,545
Amount deferred in the year	97,087	38,343
Amount recognized as revenue in the year	(71,667)	(81,132)
Balance, end of year	$ 97,176	$ 71,756

SOUTH WESTMAN REGIONAL HEALTH AUTHORITY INC.
Notes to Financial Statements

March 31, 2000

7. Net Assets Invested in Capital Assets

	2000	1999
Cash	372,796	396,013
Capital assets	40,729,676	31,128,556
Due to operating fund	(8,574,602)	(1,174,539)
Accounts payable	-	(22,836)
Long term debt	(9,204,387)	(9,045,344)
Deferred contributions	(20,986,194)	(20,123,631)
	$ 2,337,289	$ 1,158,219

8. Net Assets Internally Restricted

Represents donations received which do not have a specified purpose. The Board restricts the donations in accordance with the community which provided the donation in order to ensure that the donations are used to support the health programs of that same community.

9. Prior Period Adjustments

The prior period adjustment has resulted from a number of adjustments to the net assets, due from (to) Manitoba Health and deferred contributions which could only be determined subsequent to the prior year's audit report date once complete information became available. The net aggregate effect of the adjustments has resulted in an increase in Net Assets - Invested in Capital Assets of $11,503, a decrease in Net Assets - Unrestricted of $34,941, an increase in Deferred Contributions - Unspent of $23,176 and an increase in Revenue of $262.

10. Interfund Transfers

$1,315,514 of net assets - unrestricted funds were transferred to the net assets invested in capital assets in order to allow the greater capital asset acquisitions.

11. Manitoba Health Operating Income

	2000	1999
Budgeted Items	$ [illegible],043,107	$ 35,049,690
Current adjustments (Out of Globe)	[illegible],453,787	805,613
Past adjustments	7,832	(53,386)
Non-budgeted	89,044	-
	$ 39,593,770	$ 35,801,917

12. Financial Information at Different Dates

The following entities have been consolidated into these financial statements as at December 31, 1999 and December 31, 1998, respectively.

Baldur Handi-Van Service
Glenboro Handi-Van Service
Hartney Handi-Transit
Souris Handi-Transit
Tiger Hills Handi-van Service

The reporting period covered by these entities is from January 1, 1999 to December 31, 1999 and from January 1, 1998 to December 31, 1998, respectively. These entities have not been reported as at March 31, 2000 and March 31, 1999, respectively, due to the reporting requirements of their funding agency: The Province of Manitoba - Department of Highways and Transportation. There have been no significant transactions in the intervening period between December 31, 1999 and March 31, 2000 and December 31, 1998 and March 31, 1999, respectively. Details regarding these entities assets, liabilities, net assets as at March 31, 2000 and March 31, 1999, and their revenues and expenses for the three (3) month intervening period have not been prepared since these entities are not significant to South Westman Regional Health Authority Inc. as a whole.

13. Entities Consolidated based on MHRC Reporting Standards

The financial statements of The Tiger-Hills Villa Inc. are prepared in accordance with the accounting principles required by Manitoba Housing and Renewal Corporation (MHRC). The difference between accounting principles used by Tiger-Hills Villa Inc. and South Westman Regional Health Authority Inc. would not result in significant changes to these financial statements as a whole.

14. Contingencies

The Authority is subject to individual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Authority.

15. Economic Dependence

South Westman Regional Health Authority Inc. received 85% of its total revenue for the year ended March 31, 2000 from the Manitoba Health.

16. Commitments

A group of hospitals, including the Authority, have formed the Healthcare Insurance Reciprocal of Canada (HIROC) which pools the public liability insurance risks of its members. All members are subject to re-assessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No re-assessments have been made to March 31, 2000.

17. Pension Plan

Substantially all of the employees of the Authority are members of the Health Employees Pension Plan (HEPP), which is a multi-employer defined benefit pension plan. HEPP plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by HEPP by placing plan assets in trust and through HEPP investment policy.

The most recent actuarial valuation of the Plan at December 31, 1999 indicates the Plan is fully funded. The Civil Service Superannuation Plan is unfunded and requires no contributions by the Authority.

18. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the organization, including those related to customers, suppliers, or other third parties, will be fully resolved.

19. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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Deloitte & Touche

AUDITORS' REPORT

To the Directors of
Winnipeg Regional Health Authority

We have audited the non-consolidated statement of financial position of Winnipeg Regional Health Authority as at March 31, 2000 and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
July 21, 2000

**Deloitte
Touche
Tohmatsu**

WINNIPEG REGIONAL HEALTH AUTHORITY
Non-Consolidated Statement of Financial Position
March 31, 2000

	2000	1999
ASSETS		
CURRENT		
Cash	$ 14,269,007	$ 3,207,888
Investment in marketable securities	16,849,350	1,621,144
Accounts receivable (Note 3)	73,684,477	16,013,630
Prepaid expenses	93,759	170,004
Deferred charges - (Note 4)	2,904,346	653,507
	107,800,939	21,666,173
CAPITAL ASSETS (Note 5)	3,730,679	853,305
OTHER ASSETS		
Marketable securities held in trust for the Nurse Recruitment and Retention Fund (Note 8)	5,899,305	7,000,000
	$ 117,430,923	$ 29,519,478
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	$ 97,073,500	$ 11,328,852
Accrued benefit entitlements	2,904,346	653,507
	99,977,846	11,982,359
DEFERRED CONTRIBUTIONS (Note 7)		
Expenses of future periods	4,762,496	1,317,549
Capital assets	1,940,489	5,031,837
	6,702,985	6,349,386
NURSE RECRUITMENT AND RETENTION FUND (Note 8)	5,899,305	7,000,000
	112,580,136	25,331,745
NET ASSETS		
Invested in capital assets (Note 9)	2,280,638	128,092
Internally restricted (Note 10)	1,720,522	1,269,449
Unrestricted	849,627	2,790,192
	4,850,787	4,187,733
COMMITMENTS AND CONTINGENCIES (Note 11)		
	$ 117,430,923	$ 29,519,478

APPROVED BY THE BOARD

.... Director

.... Director

WINNIPEG REGIONAL HEALTH AUTHORITY
Non-Consolidated Statement of Operations
For The Year Ended March 31, 2000

	2000	1999
REVENUE		
Manitoba Health operating income	$ 1,064,136,796	$ 929,412,411
Separately funded primary health programs	1,470,238	508,385
Year 2000 funding	24,363,737	2,117,825
Other income	2,920,608	562,469
Amortization of deferred contributions related to capital assets	284,165	103,497
	1,093,175,544	932,704,587
EXPENSES		
DIRECT OPERATIONS:		
Regional Health Authority Expenses	9,712,135	5,699,630
Acute care program teams	6,576,521	2,780,491
Medical remuneration	63,919,180	15,113,185
Community based home care services	99,735,547	91,889,559
Community based mental health services	3,557,522	3,270,728
Community based long term care services	4,325,130	524,861
Community based primary health services	10,032,872	4,078,155
Separately funded primary health programs	1,470,237	508,385
Transition	1,466,695	-
Amortization of capital assets	284,165	103,497
	201,080,004	123,968,491
FACILITY FUNDING:		
Acute care facility funding (Schedule 1)	768,057,014	712,001,170
Long term care facility funding (Schedule 2)	69,151,134	64,257,512
Community health agency funding (Schedule 3)	15,881,745	15,601,420
Long term care adult day care program funding	2,232,310	2,043,170
Long term care community therapy services	393,912	317,660
GRANT FUNDED:		
Grants to other facilities and agencies (Schedule 4)	11,352,634	9,957,018
Year 2000 Expenditures	24,363,737	390,725
	1,092,512,490	928,537,166
EXCESS OF REVENUE OVER EXPENSES	$ 663,054	$ 4,167,421

WINNIPEG REGIONAL HEALTH AUTHORITY
Non-Consolidated Statement of Changes in Net Assets
For The Year Ended March 31, 2000

	2000				
	Investment in Capital Assets (Note 9)	Unrestricted	Internally Restricted	Total	1999
Balance, beginning of year	$ 128,092	$ 2,790,192	$ 1,269,449	$ 4,187,733	$ 20,312
Excess/(Shortfall) of revenue over expenses (Note 10)	-	760,866	(97,812)	663,054	4,167,421
Labour relations secretariat surplus (Note 10)	-	(12,465)	12,465	-	-
Physician recruitment and retention reserve (Note 10)	-	(536,420)	536,420	-	-
Net change in investment in capital assets	459,999	(459,999)	-	-	-
Construction in Progress temporarily funded through unrestricted funds	1,692,547	(1,692,547)	-	-	-
Balance, end of year	$ 2,280,638	$ 849,627	$ 1,720,522	$ 4,850,787	$ 4,187,733

WINNIPEG REGIONAL HEALTH AUTHORITY
Non-Consolidated Statement of Cash Flows
For The Year Ended March 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 663,054	$ 4,167,421
Items not affecting cash		
Amortization of capital assets	284,165	103,497
Amortization of deferred contributions related to capital assets	(284,165)	(103,497)
Changes in non-cash operating working capital items		
Accounts receivable	(57,670,847)	(15,652,016)
Prepaid expenses	76,245	(170,004)
Deferred charges	(2,250,839)	(511,957)
Accounts payable and accrued liabilities	85,744,648	10,753,182
Accrued benefits entitlement	2,250,839	511,957
Net increase in deferred contributions related to expenses of future periods	3,444,947	1,222,927
	32,258,047	321,510
FINANCING AND INVESTING ACTIVITIES		
(Decrease) increase in deferred contributions related to capital assets	(3,091,348)	4,778,782
Purchase of capital assets	(2,877,374)	(540,908)
	(5,968,722)	4,237,874
NET INCREASE IN CASH AND MARKETABLE SECURITIES	26,289,325	4,559,384
CASH AND MARKETABLE SECURITIES, END OF YEAR BEGINNING OF YEAR	4,829,032	269,648
CASH AND MARKETABLE SECURITIES, END OF YEAR	31,118,357	4,829,032
Cash and marketable securities is comprised of:		
Cash	14,269,007	3,207,888
Investment in marketable securities	16,849,350	1,621,144
	$ 31,118,357	$ 4,829,032
Investment in marketable securities held in trust for Nurse Recruitment and Retention Fund:		
Net increase in marketable securities	$ (1,100,695)	$ 7,000,000
Marketable securities, beginning of year	7,000,000	-
Marketable securities, end of year	$ 5,899,305	$ 7,000,000

1. NATURE OF BUSINESS

Winnipeg Regional Health Authority ("the Authority") was established on December 1, 1999 following amalgamation of the former Winnipeg Community and Long Term Care Authority Inc. and the Winnipeg Hospital Authority Inc. pursuant to Manitoba's *Regional Health Authorities Act*. The two former Authorities were each incorporated under the Corporations Act of Manitoba on January 6, 1997. Commencing April 1, 1998, the two former Authorities were continued under the Regional Health Authority Act. The Authority is principally involved in providing Acute Care, Community Health, Public Health, Mental Health, Long Term Care and Home Care Services within the Winnipeg Health Region. The Authority is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) The reporting entity

The Authority provides health care services to the City of Winnipeg through the nine urban hospitals (Concordia Hospital, Deer Lodge Centre, Inc., Health Sciences Centre, Misericordia Health Centre, Riverview Health Centre, Inc., St. Boniface General Hospital, The Salvation Army Grace Hospital, Seven Oaks General Hospital, and Victoria General Hospital) ("the Hospitals") and also through its direct service operations of Home Care, Mental Health and Public Health offered through community offices within the Winnipeg region that are directly operated by the Authority.

Effective April 1, 1998, the Authority became the majority funder of the Hospitals. The Hospitals are the agents in providing health care services mandated by the Province of Manitoba. These health care services are delivered under the control of the Authority. As permitted by generally accepted accounting principles, the Hospitals have not been consolidated into the Authority's financial statements. Note 12 provides a financial summary of these non-consolidated entities for the year then ended.

b) Revenue recognition

The Authority follows the deferral method of accounting for contributions.

Under the Health Insurance Act and Regulations thereto, the Authority is funded by the Province of Manitoba in accordance with funding arrangements established by Manitoba Health (the Department). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Department with respect to the year ended March 31, 2000.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition (continued)

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

c) Investments

Investments in marketable securities are recorded at cost. Market value of the investments at March 31, 2000 is $ 27,526,188 (1999 - $8,621,144).

d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis using an annual rate of:

Furniture	10%
Computer equipment	20%
Leasehold Improvements	straight line basis over the life of the lease (10 years).

e) Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Authority's benefit plans for vacation and retirement allowances.

f) Financial instruments

Credit Risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority's accounts receivable are comprised mostly of amounts due from Manitoba Health, which is a government department.

3. ACCOUNTS RECEIVABLE

	2000	1999
Manitoba Health		
Operating and Capital	$ 63,503,241	$ 6,348,967
Nurse Recruitment and Retention Fund	-	7,000,000
	63,503,241	13,348,967
Provincial Year 2000 Project	3,270,269	2,406,139
Other	6,910,967	258,524
	$ 73,684,477	$ 16,013,630

4. DEFERRED CHARGES

During the year, employees earn vacation leave for employment services rendered. A portion of these entitlements are not paid to employees until future years. Manitoba Health normally funds these costs when the expense is paid. The Authority has accrued this amount as a payable and a deferred charge from Manitoba Health for an equal amount has also been accrued. The balance does not include an accrual for amounts owing to former Civil Servants or for pre-retirement leave as the amounts were not readily determinable.

5. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 1,741,490	$ 349,868	$ 1,391,622	$ 630,118
Furniture	636,450	52,083	584,367	223,187
Leasehold improvements	67,182	5,039	62,143	-
Construction in progress	1,692,547	-	1,692,547	-
	$ 4,137,669	$ 406,990	$ 3,730,679	$ 853,305

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2000	1999
Accrued liabilities to hospitals	$61,647,118	$ 9,396,500
Other accrued liabilities	8,286,832	973,766
	69,933,950	10,370,266
Accrued salaries – payable to Health Sciences Centre	7,727,974	-
Accrued salaries – payable to Manitoba Health	7,739,159	-
	15,467,133	-
Trade accounts payable	11,662,754	952,180
GST payable	9,663	6,406
	$97,073,500	$11,328,852

7. DEFERRED CONTRIBUTIONS

a) Expenses of future periods

	2000	1999
Balance, beginning of year	$ 1,317,549	$ 94,622
Amount received during the year	8,894,526	1,317,549
Less amount recognized as revenue in the year	(5,449,579)	(94,622)
Balance, end of year	$ 4,762,496	$ 1,317,549

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants received for the purchase of the Authority's capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year	$ 5,031,837	$ 253,055
Contributions received	55,944,545	9,010,516
Less amount transferred to facilities for capital purchases	(58,751,728)	(4,128,237)
Less amount amortized to revenue	(284,165)	(103,497)
Balance, end of year	$ 1,940,489	$ 5,031,837

8. NURSE RECRUITMENT AND RETENTION FUND

Manitoba Health has established a $7 million Nurse Recruitment and Retention Fund in order to assist with the implementation of recruitment and retention strategies for nurses throughout Manitoba. The Authority holds, invests and disburses funds on behalf of the Nurse Recruitment and Retention Committee. The Fund is administered by a tri-partite committee comprised of the Regional Health Authorities of Manitoba, Manitoba Health, and the Manitoba Nurses Union. The Authority can only disburse funds upon authorization of the Committee.

	2000	1999
Balance, beginning of year	$ 7,000,000	$ -
Additions to fund	-	7,000,000
Interest earned on investment	341,362	-
Fund expenditures	(1,442,057)	-
Balance, end of year	$ 5,899,305	$ 7,000,000

An additional $1.5 million has subsequently been added to the fund in the 2000/01 fiscal year.

9. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2000	1999
Balance, beginning of year	$ 128,092	$ -
Construction in Progress temporarily funded through unrestricted funds	1,692,547	-
Capital asset acquisitions	2,038,131	853,305
Amounts financed by:		
Deferred contributions	(1,578,132)	(725,213)
Balance, end of year	$ 2,280,638	$ 128,092

10. INTERNALLY RESTRICTED ASSETS

Internally restricted assets is comprised of:

	2000			1999
	Labour Relations	Physician Recruitment	Total	Total
Balance, beginning of year	$ 82,841	$1,186,608	$1,269,449	$ -
Excess/(Shortfall) of revenue over expenses	-	(97,812)	(97,812)	-
Surplus identified for internally Restricted Purpose	12,465	536,420	548,885	1,269,449
Balance, end of year	$ 95,306	$1,625,216	$1,720,522	$1,269,449

The Labour Relations Secretariat Surplus is restricted for the use of the member organizations of the Secretariat for labour relations negotiation purposes.

The Physician Recruitment and Retention Reserve is restricted for use in funding physician recruitment and retention initiatives.

11. COMMITMENTS AND CONTINGENCIES

a) The Authority is subject to legal action arising in the normal course of business. It is not expected that this legal action will have a material adverse affect on the financial position of the Authority.

b) Healthcare associations across Canada, of which the Authority is a member, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risks of all its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2000.

c) At March 31, 2000, minimum annual lease payments of the Winnipeg Regional Health Authority under the operating lease for the premises at 155 Carlton Street expiring May 31, 2009 are $416,300 and aggregate $3,814,525.

12. CONTROLLED ENTITIES INFORMATION

A financial summary of the Authority and the nine urban hospitals is as follows.

Financial Position	2000	1999
Assets	$ 964,076,019	$ 805,960,669
Liabilities	912,393,317	774,213,902
Total Net Assets (Note)	$ 51,682,702	$ 31,746,767

Note $10,017,285 (1999 - $10,133,472) of the total net assets must be used to purchase capital assets or are related to ancillary operation and are not available for general hospital use.

	2000	1999
Results of operations:		
Total Revenues	$ 1,136,283,639	$ 990,823,362
Total Expenses	1,133,760,940	1,018,370,338
Surplus (Deficit) from Operations	2,522,699	(27,546,976)
Ancillary Operations:		
Total Revenues	33,114,919	33,141,759
Total Expenses	30,626,988	29,889,556
Surplus from Ancillary Operations	2,487,931	3,252,203
Sub-total surplus (deficit)	5,010,630	(24,294,773)
Prior years' deficit support (98/99 and 97/98)	31,183,217	12,442,435
Surplus (Deficit)	$ 36,193,847	$ (11,852,338)

Total Revenues include $1,020,652,000 (1999 - $897,662,000) from Manitoba Health

	2000	1999
Cash Flows:		
From operating activities	$ 37,179,189	$ 16,038,741
Cash used for Financing & Investing	(22,981,175)	(22,750,490)
Increase (Decrease in Cash)	$ 14,198,014	$ (6,711,749)

13. PENSION PLAN

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (HEPP) or the Civil Service Superannuation Plan (CSSP). HEPP is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Winnipeg Regional Health Authority. Former civil servants transferred to the Authority could elect to remain members of the Civil Service Superannuation Plan which is a government based defined benefit plan. All new Winnipeg Regional Health Authority employees are eligible to join HEPP and not the CSSP.

The most recent actuarial valuation of HEPP at January 1, 2000 indicates the plan is fully funded. The CSSP is unfunded and requires no contributions by the Authority.

14. SUBSEQUENT EVENT

Effective April 1, 2000, pursuant to the *Regional Health Authorities Act*, the Health Sciences Centre and the Urban Shared Services Corporation transferred all of their operations to the Winnipeg Regional Health Authority. The Health Sciences Centre operates as a separate site of the Winnipeg Regional Health Authority. Urban Shared Services Corporation operates as Logistics Services Division of the Winnipeg Regional Health Authority.

15. ECONOMIC DEPENDENCE

The Authority received approximately 98% of its total revenue from the Province of Manitoba Department of Health (the Department) and is economically dependent on the department for continued operations.

16. RELATED PARTY TRANSACTIONS

The Authority is responsible for the overall management of health care services provided in the Winnipeg Health Region. Programs are delivered in the region by the Authority through its direct service operations, by Hospitals through an operating agreement, by non-proprietary personal care homes and community health agencies through a service purchase agreement as well as through a number of non-profit organizations through a grant funding mechanism. The Authority transacts business on a regular basis with the organizations and agencies in the normal course of operations.

17. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation. The prior year's figures represent the combined financial results of the former Winnipeg Hospital Authority (WHA) and Winnipeg Community and Long Term Care Authority (WCA). Financial results for 1999/2000 include a number of programs and services that were not part of the WHA or WCA for either part or all of the 1998/1999 fiscal year.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 1 - Acute Care Facility Funding
For The Year Ended March 31, 2000
(Unaudited)

	2000 ($ 000's)	1999 ($ 000's)
CancerCare Manitoba	$ 85	$ -
Concordia Hospital	31,613	30,736
Deer Lodge Centre	29,554	21,852
Grace General Hospital	55,181	49,585
Health Sciences Centre	307,769	280,369
Manitoba Adolescent Treatment Centre	6,184	5,987
Misericordia Health Centre	30,833	44,208
Riverview Health Centre	31,833	32,954
Seven Oaks General Hospital	45,779	39,854
St. Boniface General Hospital	182,016	165,191
Victoria General Hospital	47,210	41,265
Total Acute Care Facility Funding	$ 768,057	$ 712,001

Note: Funding provided in 2000 includes prior years' deficit support (1997/98 and 1998/99).

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 2 - Long Term Care Facility Funding Budget Allocation

For The Year Ended March 31, 2000
(Unaudited)

	2000			1999
		(000's)		(000's)
	Funding Provided	Revenue Collected	Total Budget Allocation	Total Budget Allocation
Bethania	$ 4,630	$ 1,768	$ 6,398	$ 6,331
Calvary Place	1,200	414	1,614	2,319
Concordia	1,638	680	2,318	-
Convalescent Home	1,881	1,126	3,007	3,027
Deaf Centre	1,117	387	1,504	1,029
Donwood Manor	3,424	1,448	4,872	5,122
Foyer Valade	3,035	1,321	4,356	4,341
Fred Douglas	3,318	1,593	4,911	4,896
Golden Links	2,129	1,148	3,277	3,416
Golden West	2,937	1,506	4,443	4,503
Holy Family	7,394	3,107	10,501	10,609
Lions Manor	1,331	830	2,161	2,194
Luther Home	2,072	877	2,949	2,852
Meadowood	2,085	1,081	3,166	3,113
Middlechurch	5,422	2,501	7,923	7,592
Misericordia Place	678	208	886	-
Park Manor	2,749	1,150	3,899	3,647
Sharon Home	5,015	3,224	8,239	8,497
St. Joseph's	2,641	1,169	3,810	3,736
Tache	9,685	3,639	13,324	13,602
West Park	3,237	1,967	5,204	4,951
Miscellaneous funding adjustments	1,533	-	1,533	-
Total	$ 69,151	$ 31,144	$ 100,295	$ 95,777

Note: This represents the budget allocation to facilities. Actual funding levels may vary based on amounts paid out to and or recovered from facilities for prior year funding adjustments.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 3 - Community Health Agency Funding Budget Allocation
For The Year Ended March 31, 2000
(Unaudited)

	2000			1999
		(000's)		(000's)
	Funding Provided	Revenue Collected	Total Budget Allocation	Total Budget Allocation
Health Action Centre	$ 2,094	$ -	$ 2,094	$ 2,028
Hope Centre	496	2	498	496
Klinic	2,258	19	2,277	2,273
Main Street Project	1,092	-	1,092	1,091
Manitoba Cardiac Institute	349	-	349	349
MFL Occupational Health	561	-	561	559
Mount Carmel Clinic	4,062	787	4,849	4,158
Nor'West Co-op	639	-	639	638
Rehab Centre	1,673	-	1,673	1,878
Village Clinic	275	-	275	-
Women's Health Centre	866	-	866	850
Youville Clinic	1,690	106	1,796	1,692
Miscellanous funding adjustments	(173)	-	(173)	-
Total	$ 15,882	$ 914	$ 16,796	$ 16,012

Note: This represents the budget allocation to facilities. Actual funding levels may vary based on amounts paid out to and or recovered from facilities for prior year funding adjustments.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 4 - Grants to Facilities and Agencies
For The Year Ended March 31, 2000

(Unaudited)

	2000 (000's)
Age & Opportunity Centre Inc.	$ 447
AGR Health Services to Seniors	29
Bethel Place	30
Bluebird Service Club	3
Bonivital Council for Seniors	33
Broadway Seniors Resource Council Inc.	29
Brooklands/Weston Community Resource	18
Canadian Mental Health Association	847
Chez Nous Inc.	11
City of Winnipeg - Emergency Services	2,812
Clubhouse of Winnipeg Inc.	320
Columbus Manor	10
Community Therapy Services	174
Creative Retirement Manitoba	26
Deaf Centre Manitoba Inc.	10
Fort Garry Services Inc.	6
Foyer Vincent Inc.	12
Friendly Neighbour Council	26
Friends Housing Inc.	49
Good Neighbours Senior Centre Inc.	29
Gwen Secter Creative Living Centre	39
Independent Living Resource Centre	234
Jocelyn House	41
Kingsford Haus Co-op Ltd.	7
L'Accueil Colombien Inc.	13
Lions Club	26
Manitoba Association of Multipurpose Senior Centres	2
Manitoba Cardiac Institute (Reh-fit)	349
Manitoba Eastern Star Chalet	7
Manitoba Housing Authority	232
MacDonald Youth Services	283
Meals on Wheels of Winnipeg Inc.	138
Metropolitan Kiwanis Courts	11
Middlechurch Home of Winnipeg	29
North Winnipeg Community Council	33
River East Council for Seniors	15
Rose & Max Rady Jewish Community Centre	15
Ruperts Land Caregiver Services	20
S.S.C.O.P.E. Incorporated	84
Salvation Army	1,846
Sara Riel Inc.	1,366
Seniors Home Help Inc.	60
Seneca House	321
Sexuality Education Resource Centre	239
South Winnipeg Senior Resource Council Inc.	17
St. Amant Centre	13
St. James/Assiniboia Senior Centre Inc.	115
Stay Young Centre	16
Ten Ten Sinclair Housing Inc.	848
Transcona Council for Seniors	19
University of Manitoba	30
University of Manitoba - Library Services	60
Villa Cabrini Inc.	23
Villa Tache	4
Villa Vita Inc.	24
Village Clinic	14
YW/YMCA of Winnipeg	150
Total	$ 11,353

Note: 1999 comparative figures are not available as funding for some grants was paid directly from Manitoba Health to the Agencies for part of the year.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Controlled Entities Information

For The Year Ended March 31, 2000
(Unaudited)

	2000	1999
	(000's)	(000's)
REVENUE		
Manitoba Health operating income	$ 1,020,652	$ 897,662
Other government revenue	7,145	9,247
Province of MB Y2K recoveries	12,637	1,891
Radiology fee for service	6,131	4,966
Patient services (includes patient and resident income)	16,856	17,091
Amortization of deferred contributions	44,123	38,420
Other	28,740	21,546
	1,136,284	990,823
EXPENSES		
Salaries and wages	569,942	513,295
Employee benefits and levy	82,075	78,466
Medical remuneration	64,790	65,818
Printing, stationery and office supplies	7,049	8,619
Housekeeping, laundry and linen	7,788	6,714
Utilities, insurance and taxes	14,602	13,962
Food and dietary supplies	12,116	11,295
Medical and surgical supplies	52,554	42,191
Pharmaceutical supplies	44,303	35,308
Diagnostic supplies	13,655	11,326
Miscellaneous and other	32,395	29,153
Repairs and maintenace (includes equipment, building and grounds)	19,782	18,861
Referred out services	22,819	19,679
Radiology fee for service costs	6,142	-
Interest	33,074	33,027
Amortization of capital assets	44,457	39,554
Y2K	7,946	-
Facility and grant funding	98,272	91,104
	1,133,761	1,018,372
SURPLUS (DEFICIT) FROM OPERATIONS	2,523	(27,549)
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	33,115	33,142
Ancillary operations expenses	30,627	29,890
Surplus from Ancillary Operations	2,488	3,252
PRIOR YEAR DEFICIT SUPPORT	31,183	12,442
SURPLUS (DEFICIT) FOR THE YEAR	$ 36,194	$ (11,855)

Note: Certain amounts have been reclassified to conform to the current year's presentation.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Controlled Entities Information - Program Basis
For The Year Ended March 31, 2000
(Unaudited)

	2000 (000's)	1999 (000's)
REVENUE		
Manitoba Health operating income	$ 1,020,652	$ 897,757
Other government revenue	7,145	9,247
Province of MB Y2K recoveries	12,637	1,891
Radiology fee for service	6,131	4,966
Patient services (includes patient and resident income)	16,856	17,091
Amortization of deferred contributions	44,123	38,420
Other	28,740	11,741
Total revenue	1,136,284	981,113
EXPENSES		
Direct program costs		
Anesthesia	4,985	10,896
Child care	44,936	39,651
Critical care	32,922	30,713
Diagnostic imaging	37,662	35,671
Emergency	33,194	30,433
Family medicine	30,485	25,145
Laboratories	39,887	37,602
Medicine	58,642	53,300
Dialysis	25,976	21,863
Mental health	28,061	25,572
Oncology	9,293	6,790
Rehab/geriatrics	36,894	31,050
Surgery	115,582	101,077
Women's health	33,686	32,463
Residents and interns	14,169	12,890
Other diagnostic and therapeutic services	33,095	29,570
	579,469	524,686
Long term care	31,096	21,712
Community based home care services	99,736	91,890
Community based mental health services	3,558	3,271
Community based primary health services	10,033	4,078
Separately funded primary health programs	1,470	508
	725,362	646,145

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Controlled Entities Information - Program Basis
For The Year Ended March 31, 2000
(Unaudited)

	2000	1999
	(000's)	(000's)
Indirect service costs		
Administrative and support services	40,293	41,712
Clinical and non-clinical support services	60,658	49,191
Information services	12,791	11,018
Facility services	79,072	70,578
Marketed services	2,085	1,412
Research and education services	4,719	4,805
	199,618	178,716
Other costs		
Regional Health Authority costs	9,712	4,111
Facility and grant funding	98,272	98,164
Other costs	23,266	9,645
Interest	33,074	32,327
Amortization of capital assets	44,457	39,554
	208,781	183,801
Total operating expenses	1,133,761	1,008,662
SURPLUS (DEFICIT) FROM OPERATIONS	2,523	(27,549)
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	33,115	33,142
Ancillary operations expenses	30,627	29,890
Surplus from Ancillary Operations	2,488	3,252
PRIOR YEAR DEFICIT SUPPORT	31,183	12,442
SURPLUS (DEFICIT) FOR THE YEAR	$ 36,194	$ (11,855)

Note: Certain amounts have been reclassified to conform to the current year's presentation.

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**Deloitte
& Touche**

AUDITORS' REPORT

To the Board of Directors of
Rehabilitation Centre For Children, Inc.

We have audited the statement of financial position of the Rehabilitation Centre For Children, Inc. as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Winnipeg, Manitoba
July 7, 2000

**Deloitte
Touche
Tohmatsu**

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Operations

Year Ended March 31, 2000

	2000	1999
REVENUE		
Patient services - Winnipeg Regional Health Authority	$ 1,683,741	$ 1,615,339
Sales of orthotics and prosthetics	507,825	549,091
Restricted donations		
Variety Club of Manitoba Tent 58	30,395	92,012
Rehabilitation Centre for Children Foundation Incorporated	68,153	43,935
Sales of assistive devices	89,251	98,230
School therapy program	1,046,205	965,563
Other gross revenue		
Cafeteria	-	6,179
Miscellaneous	56,915	62,048
	3,482,485	3,432,397
EXPENDITURES		
Salaries	1,577,429	1,536,834
Employee benefits and costs	265,524	242,035
Orthotics and prosthetics supplies	132,334	121,134
Special devices supplies	151,092	144,197
Other supplies and expenses	136,028	174,953
Restricted expenditures		
Variety Club Manitoba Tent 58 - prosthetics	30,395	92,012
Rehabilitation Centre for Children Foundation Incorporated	68,153	43,935
School therapy salaries and other costs	1,046,145	952,517
Repairs and maintenance	17,644	30,718
Utilities, insurance and taxes	57,596	63,667
Purchased services	32,017	36,739
	3,514,357	3,438,741
EXCESS OF EXPENDITURES OVER REVENUE BEFORE THE FOLLOWING	(31,872)	(6,344)
OTHER INCOME (EXPENSES)		
Amortization of deferred contributions	16,298	6,485
Amortization of capital assets	(26,972)	(17,062)
Interest income	3,615	4,102
	(7,059)	(6,475)
NET EXCESS OF EXPENDITURES OVER REVENUE	$ (38,931)	$ (12,819)

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Financial Position

March 31, 2000

	2000	1999
ASSETS		
CURRENT		
Cash	$ 95,064	$ -
Accounts receivable (Note 3)	359,251	404,110
Inventory	150,689	158,267
Prepaid expenses	3,390	5,790
Deferred charges - vacation pay (Note 2d)	131,771	120,569
	740,165	688,736
RESTRICTED CASH (Note 9a)	12,159	23,551
CAPITAL ASSETS (Note 4)	85,653	64,658
	$ 837,977	$ 776,945
LIABILITIES		
CURRENT		
Cheques isssued in excess of funds on deposit	$ -	$ 39,145
Accounts payable	181,272	73,643
Accrued vacation pay (Note 2d)	131,771	120,569
	313,043	233,357
DEFERRED CONTRIBUTIONS (Note 5)	75,070	54,793
	388,113	288,150
NET ASSETS		
Invested in capital assets (Note 9a)	22,742	33,416
Unrestricted	427,122	455,379
	449,864	488,795
	$ 837,977	$ 776,945

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Changes In Net Assets

Year Ended March 31, 2000

	2000			1999
	Invested in Capital Assets	Unrestricted	**Total**	Total
Balance, beginning of year	$ 33,416	$ 455,379	**$ 488,795**	$ 501,614
Excess of expenditures over revenue (Note 9)	(10,674)	(28,257)	**(38,931)**	(12,819)
Balance, end of year	$ 22,742	$ 427,122	**$ 449,864**	$ 488,795

REHABILITATION CENTRE FOR CHILDREN, INC.

Statement of Cash Flows

Year Ended March 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Net excess of expenditures over revenue	$ (38,931)	$ (12,819)
Add charges (deduct credits) to operations not requiring a current cash payment		
Amortization of capital assets	26,972	17,062
Amortization of deferred contributions	(16,298)	(6,485)
	(28,257)	(2,242)
Net change in non-cash working capital balances related to operations	162,466	(105,972)
	134,209	(108,214)
FINANCING AND INVESTING ACTIVITIES		
Increase in deferred contributions related to capital assets	36,575	30,993
Changes in cash restricted for purchases of capital assets	11,392	(8,839)
Purchase of capital assets	(47,967)	(22,154)
	-	-
NET INCREASE (DECREASE) IN CASH POSITION	134,209	(108,214)
CASH POSITION, BEGINNING OF YEAR	(39,145)	69,069
CASH POSITION, END OF YEAR	$ 95,064	$ (39,145)
Cash position comprises:		
Cash	$ 95,064	$ -
Cheques issued in excess of funds on deposit	-	(39,145)
	$ 95,064	$ (39,145)

REHABILITATION CENTRE FOR CHILDREN, INC.
Notes to the Financial Statements
March 31, 2000

1. NATURE AND OBJECTIVES OF THE CENTRE

The Rehabilitation Centre for Children, Inc. was incorporated by Articles of Incorporation under the Corporations Act of Manitoba on March 2, 1981, without authorized share capital and is a registered charity under the Income Tax Act.

The Mission of the Rehabilitation Centre for Children, Inc. is to improve the quality of life, through excellence in rehabilitation services, for Manitoba's children with physical disabilities.

We will achieve this mission through direct service, education and services.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Funding from Winnipeg Regional Health Authority

Under the Health Services Insurance Act, 1970, the Centre is funded during the year by the Winnipeg Regional Health Authority for the total of its approved budgeted expenses, excluding school therapy expenses, as determined by the Winnipeg Regional Health Authority. The Centre is entitled to retain surpluses up to a maximum of 2% of approved costs. On April 1, 1998 funding for the Centre from Manitoba Health was replaced by funding from the Winnipeg Regional Health Authority(formerly Winnipeg Community and Long-term Care Authority).

b) Inventory

Inventory is valued at the lower of cost or replacement cost.

c) Capital assets

Equipment acquired April 1, 1981 is recorded at a nominal value. Additions to equipment subsequent to April 1, 1981 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense.

Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Building and building service equipment	20 years
Equipment and furniture	5-10 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Deferred charges - vacation pay

The Centre records the accrued vacation pay entitlement liability. Funding for the vacation pay entitlement is recoverable from the Winnipeg Regional Health Authority as a component of salary costs for the subsequent year. In order to match acorued costs with recoveries in the appropriate period, the full amount of the accrued vacation pay is shown as deferred charges.

e) Revenue recognition

The Centre follows the deferral method of accounting for contributions which includes donations and government grants. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at the same rate as the corresponding capital asset.

f) Financial instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. In addition, the Centre is exposed to credit risk from its customers. However, the Centre has a large number of customers which minimizes the concentration of credit risk.

3. ACCOUNTS RECEIVABLE

	2000	1999
Patient services	$ 63,405	$ 111,895
School divisions	165,541	122,395
Manitoba Health		
Operations (Note 6)	37,792	39,291
Patient services	71,491	115,171
Due from Rehabilitation Centre for Children Foundation Incorporated (Note 8)	12,901	8,104
Other	8,121	7,254
	$ 359,251	$ 404,110

4. CAPITAL ASSETS

	2000			
	Cost	Accumulated Amortization	Write-down	Net Book Value
Land, building and building service equipment	$ 207,401	$ 56,232	$ 151,168	$ 1
Equipment and furniture	427,727	342,075	-	85,652
	$ 635,128	$ 398,307	$ 151,168	$ 85,653

	1999			
	Cost	Accumulated Amortization	Write-down	Net Book Value
Land, building and building service equipment	$ 207,401	$ 56,232	$ 151,168	$ 1
Equipment and furniture	379,760	315,103	-	64,657
	$ 587,161	$ 371,335	$ 151,168	$ 64,658

5. DEFERRED CONTRIBUTIONS

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and funding received for the purchase of capital assets. The amortization of capital contributions is recorded in the statement of operations. Changes in the deferred contributions are as follows:

	2000	1999
Balance, beginning of year	$ 54,793	$ 30,285
Add: contributions	36,575	30,933
Less: amounts amortized to revenue	(16,298)	(6,485)
	$ 75,070	$ 54,793

6. ESTIMATED COST RECOVERIES

The Centre estimates that it will recover $3,115 for the 1998 fiscal year, $28,939 for the 1996 fiscal year and $5,738 for the 1995 fiscal year when Manitoba Health completes its review and adjustments for these years. These amounts have been recorded in the accounts of the respective years.

7. PENSION PLAN

All full-time and part-time employees of the Centre are required to be members of the Health Employees Pension Plan that is a multi-employer defined benefit pension plan. The Centre's contributions made to the plan during the year amounted to approximately $101,339 (1999 - $116,849).

The most recent actuarial valuation of the plan as at March 31, 1999, indicated the plan is fully funded.

8. RELATED ENTITIES

The Rehabilitation Centre for Children Foundation Incorporated (the Foundation) exists solely to support the activities of the Rehabilitation Centre for Children, Inc. Three Centre Board members and the Centre's Executive Director sit as Directors on the Foundation's 15 member Board. The Foundation is incorporated under the Corporations Act of Manitoba and is a registered charity under the Income Tax Act. The Foundation may, at its discretion, fund specific projects of the Centre but such funding is for restricted purposes and is not available for general operating activities.

9. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2000	1999
Restricted cash	$ 12,159	$ 23,551
Capital assets	85,653	64,658
Amounts financed by deferred contributions	(75,070)	(54,793)
	$ 22,742	$ 33,416

b) Change in net assets invested in capital assets is calculated as follows:

	2000	1999
Excess of expenses over revenue		
Amortization of deferred contributions related to capital assets	$ 16,298	$ 6,485
Amortization of capital assets	(26,972)	(17,062)
	(10,674)	(10,577)
Net change in investment in capital assets		
Cash	(11,392)	8,839
Purchase of capital assets	47,967	22,154
Deferred contributions	(36,575)	(30,993)
	-	-
	$ (10,674)	$ (10,577)

During the 1998 fiscal year the Centre wrote down the land, building and building service equipment to an estimated net realizable value of $1 as follows:

Write-down of capital assets	$ 151,168
Less deferred revenue related to write-down of capital assets	112,721
	$ 38,447

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Members of the Special Operating Agencies Financing Authority

We have audited the combined balance sheet of the Special Operating Agencies Financing Authority at March 31, 2000 and the combined statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2000 and results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GR MacBeth

Winnipeg, Manitoba
July 21, 2000

Greg MacBeth, CA
for the Provincial Auditor

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Balance Sheet

(In Thousands)

March 31	2000	1999
Assets		
Current:		
Cash	$ 2,496	$ 5,020
Term deposits with the Minister of Finance (Note 3)	19,034	15,712
Customer deposits	1,122	923
Accounts receivable (Note 4)	11,528	13,314
Inventories	3,973	4,513
Prepaid expenses	1,502	1,815
	39,655	41,297
Capital assets (Note 5)	41,738	38,486
Long-term investment (Note 6)	1,500	1,500
Receivable from the Province of Manitoba (Note 7)	5,372	5,182
Deferred contributions - Province of Manitoba (Note 10)	1,025	1,025
	$ 89,290	$ 87,490
Liabilities		
Current:		
Working capital advances (Note 8)	$ 7,412	$ 9,666
Accounts payable and accruals	10,710	12,352
Unearned revenue	1,722	1,543
Current portion of long-term debt	5,243	3,792
	25,087	27,353
Long-term debt - Province of Manitoba (Note 9)	7,910	9,121
Pension liability (Note 10)	7,266	5,229
Severance liability (Note 11)	3,986	3,781
	44,249	45,484
Equity (Note 12)		
Contributed equity	17,661	17,661
Reserve funds (Note 13)	935	500
Retained earnings	26,445	23,845
	45,041	42,006
	$ 89,290	$ 87,490

Commitments (Note 14)
Contingent liability (Note 15)

See accompanying notes to the financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Statement of Income and Retained Earnings

(In Thousands)

Year Ended March 31	2000	1999
Special Operating Agencies Financing Authority		
Revenue		
Annual levy	$ 11	$ 11
Treasury Board Secretariat contribution	98	93
	109	104
Expenses		
Salaries and benefits	80	77
Other operating	29	25
	109	102
Financing Authority operations	-	2
Special Operating Agency operations - net income (loss)		
Civil Legal Services	44	258
Companies Office	1,814	1,814
Fleet Vehicles Agency	2,175	2,248
Food Development Centre	136	(127)
Industrial Technology Centre	322	189
Land Management Services	193	164
Mail Management Agency	(62)	119
MERLIN	120	(111)
Manitoba Securities Commission	2,686	-
Manitoba Text Book Bureau	(25)	64
Materials Distribution Agency	685	1,494
Office of the Fire Commissioner	(63)	(45)
Organization and Staff Development	(60)	80
Pineland Forest Nursery	119	(27)
The Property Registry	3,196	4,209
The Public Trustee	(248)	16
Vital Statistics Agency	143	263
Net income for the year	11,175	10,610
Retained earnings, beginning of year		
As previously reported	23,950	21,235
Correction of prior period error (Note 16)	(105)	-
As restated	23,845	21,235
Transfer of surplus funds to the Province of Manitoba		
Civil Legal Services	(500)	(400)
Companies Office	(1,250)	(1,250)
Fleet Vehicles Agency	(2,000)	(2,000)
Land Management Services	(500)	(500)
Manitoba Securities Commission	(700)	-
Materials Distribution Agency	(200)	(200)
The Property Registry	(2,800)	(3,550)
Vital Statistics Agency	(190)	(100)
Reserve fund - Manitoba Securities Commission (Note 13)	(435)	-
Retained earnings, end of year	$ 26,445	$ 23,845

See accompanying notes to the financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Statement of Cash Flows

(In Thousands)

Year Ended March 31	2000	1999
Cash derived from (applied to):		
Operating		
Net income	$ 11,175	$ 10,610
Amortization	8,289	7,513
Gain on disposal of capital assets	(453)	(534)
	19,011	17,589
Change in:		
Customer deposit accounts	(199)	17
Accounts receivable	1,786	(1,185)
Inventories	540	(764)
Prepaid expenses	313	(374)
Deferred contributions - Province of Manitoba	-	(1,025)
Accounts payable and accruals	(1,642)	2,939
Pension liability	2,037	2,401
Severance liability	205	270
Unearned revenue	179	266
Cash derived from operating activities	22,230	20,134
Investing		
Proceeds from disposal of capital assets	1,130	1,091
Acquisition of capital assets	(12,217)	(9,869)
Long-term investment	-	600
Cash applied to investing activities	(11,087)	(8,178)
Financing		
Contributed equity	-	44
Proceeds from long-term debt - Province of Manitoba	4,128	3,244
Long-term debt repayments	(3,889)	(3,516)
Transfer of surplus funds to the Province of Manitoba	(8,140)	(8,000)
Receivable from the Province of Manitoba	(190)	(109)
Cash derived from financing activities	(8,091)	(8,337)
Increase in cash	3,052	3,619
Cash: Beginning of year	11,066	7,447
End of year	$ 14,118	$ 11,066
Represented by:		
Cash	$ 2,496	$ 5,020
Term deposits with the Minister of Finance	19,034	15,712
Working capital advances	(7,412)	(9,666)
	$ 14,118	$ 11,066

See accompanying notes to the financial statements.

1. Nature of organization

The Special Operating Agencies Financing Authority (the "Financing Authority") is a body corporate established effective April 1, 1992 under ***The Special Operating Agencies Financing Authority Act.*** Under the direction of the Minister of Finance, the Financing Authority consists of the Chairperson/SOA Coordinator as its sole member and receives staff support from the Department of Finance.

The Financing Authority provides a mechanism for funding Special Operating Agencies (SOAs) that operate outside the Consolidated Fund. It functions as a non-operating holding company, with the mandate to hold and acquire assets required for and resulting from SOA operations. It finances SOAs through contributed equity, repayable loans, and working capital advances. This financial framework enables SOAs to operate in a business-like manner within government policy expectations.

SOAs are designated by regulation under the Act and operate under a charter approved by the Lieutenant Governor in Council. A management agreement between the Financing Authority and the Minister responsible for each SOA assigns responsibility to the agency to manage and account for SOA-related assets and operations on behalf of the Financing Authority. SOAs remain accountable to their Minister for the results they achieve with the authority and resources granted.

The Financing Authority is economically dependent on the Province of Manitoba. Currently, the Financing Authority derives most of its revenue and all of its capital financing requirements from the Province.

SOAs in operation during the fiscal year ended March 31, 2000 were as follows:

Civil Legal Services, Department of Justice
Companies Office, Department of Consumer and Corporate Affairs
Fleet Vehicles Agency, Department of Highways and Government Services
Food Development Centre, Department of Agriculture and Food
Industrial Technology Centre, Department of Industry, Trade and Mines
Land Management Services, Department of Highways and Government Services
Mail Management Agency, Department of Highways and Government Services
Manitoba Education, Research and Learning Information Networks (MERLIN), Department of Education and Training
Manitoba Securities Commission, Department of Consumer and Corporate Affairs
Manitoba Text Book Bureau, Department of Education and Training
Materials Distribution Agency, Department of Highways and Government Services
Office of the Fire Commissioner, Department of Labour
Organization and Staff Development, Civil Service Commission
Pineland Forest Nursery, Department of Conservation
The Property Registry, Department of Consumer and Corporate Affairs
The Public Trustee, Department of Justice
Vital Statistics Agency, Department of Consumer and Corporate Affairs.

2. Significant accounting policies

The financial statements of the Financing Authority are presented in accordance with generally accepted accounting principles.

Basis of reporting

The financial statements of the Financing Authority reflect the financial position and operating results of SOAs currently governed by management agreements with the Financing Authority. These statements are presented on a combined basis. Therefore, inter-agency balances and transactions have not been eliminated.

The following policies apply to the Financing Authority, as well as to all agencies combined herein.

Amortization of capital assets

Vehicles, fire engines	30%, declining balance
Vehicles (signed lease agreement)	straight line over term of lease
Equipment and furniture	20 - 33%, straight line 20%, declining balance
Computer equipment and software	20%, straight line
Rental equipment (Materials Distribution Agency)	2, 3, or 5 years, straight line
Buildings	5 - 40 years, straight line
Practical training site (Office of the Fire Commissioner)	20 years, straight line
Leasehold improvements	3 - 10 years, straight line
Other assets	3 years, straight line

Inventories

Inventories are valued at the lower of cost and market value.

3. Term deposits with the Minister of Finance

Term investments are segregated as follows:

	2000	1999
Operating funds	$13,262	$11,629
Pension liability funds	5,772	4,083
	$19,034	$15,712

4. Accounts receivable

	2000	1999
Trade	$10,469	$10,165
Recoverable infrastructure expenditures	602	2,704
Insurance agency rebate	260	247
Other	197	198
	$11,528	$13,314

The trade receivables are mostly due from the Province of Manitoba.

Recoverable infrastructure expenditures relate to outlays made by MERLIN that are recoverable under the Canada/Manitoba Infrastructure Works Program.

The insurance agency rebate is for discounts receivable by the Fleet Vehicles Agency from the Manitoba Public Insurance Corporation based on favourable claims experience for the provincial vehicle fleet in the previous insurance year.

5. Capital assets

			2000	1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles, fire engines	$51,139	$24,427	$26,712	$24,801
Equipment and furniture	6,736	3,406	3,330	3,104
Computer equipment and software	3,501	1,275	2,226	1,514
Buildings	7,653	1,659	5,994	6,205
Practical training site	1,767	194	1,573	1,654
Leasehold improvements	977	420	557	513
Other assets	1,852	506	1,346	695
	$73,625	$31,887	$41,738	$38,486

6. Long-term investment

The long-term investment balance as at March 31, 2000 is comprised of a $1,500 investment with the Minister of Finance maturing September 4, 2001. This investment has an interest rate of 6.43%.

7. Receivable from the Province of Manitoba

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of certain agencies prior to their designation as SOAs. It also includes severance pay benefits earned by SOA employees to March 31, 1998, as well as the benefits accumulated by the employees of the Manitoba Securities Commission prior to March 31, 1999. The balance is comprised of:

	2000	1999
Vacation entitlements	$1,726	$1,671
Severance pay benefits	3,646	3,511
	$5,372	$5,182

8. Working capital advances

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Orders in Council 747/1992, 242/1994, 152/1995, 151/1996, 136/1997, and 168/1998, has arranged for working capital advances to be available to the Financing Authority. The aggregate of the outstanding advances is not to exceed $18,570 (1999 - $18,570) at any one time. As at March 31, 2000, $11,158 (1999 - $8,904) of these advances was unused and available.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to the Financial Statements
(In Thousands)
March 31, 2000

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9. Long-term debt - Province of Manitoba

		2000	1999
8.775%	repayable in annual instalments of $3 principal and interest, maturing in 2000	$ -	$ 12
7%	repayable in semi-annual instalments of $601 principal and interest, maturing in 2001	1,142	2,208
7.125%	repayable in semi-annual instalments of $181 principal and interest, maturing in 2001	343	663
5.5%	repayable in semi-annual instalments of $289 principal and interest, maturing in 2002	1,335	1,820
6%	repayable in semi-annual instalments of $469 principal and interest, maturing in 2002	1,743	2,540
5.875%	repayable in semi-annual instalments of $316 principal and interest, maturing in 2003	1,713	2,221
5.625%	repayable in annual instalments of $171 principal and interest, maturing in 2004	598	-
5.5%	repayable in semi-annual instalments of $232 principal and interest, maturing in 2004	1,642	2,000
6%	repayable in semi-annual instalments of $141 principal and interest, maturing in 2004	988	1,200
9%	repayable in annual instalments of $55 principal and interest, maturing in 2005	249	249
6.875%	repayable in semi-annual instalments of $408 principal and interest, maturing in 2005	3,400	-
		13,153	12,913
Amount due within one year		5,243	3,792
		$ 7,910	$ 9,121

9. Long-term debt - Province of Manitoba (continued)

Principal repayments in each of the next five years are as follows:

2001	$5,243
2002	3,318
2003	2,281
2004	1,485
2005	826

The Financing Authority may elect to repay long-term debt, or portions thereof, prior to maturity.

As at March 31, 2000, the Financing Authority had $1,400 remaining in loan authority under ***The Loan Act, 1999***. ***The Loan Act, 2000*** is pending Royal Assent. The original loan authority under each of these Acts was:

	The Loan Act, 2000	***The Loan Act, 1999***
for Fleet Vehicles Agency	$7,700	$4,800

10. Employee pension benefits

Employees of SOAs are eligible for pension benefits in accordance with the provisions of ***The Civil Service Superannuation Act***. Only the Industrial Technology Centre and the Food Development Centre match their employees' contributions to the Civil Service Superannuation Fund and have no further liability under the Act. By agreement with the Province of Manitoba, other SOAs are only responsible for the pension liability incurred for their employees from the date of designation as a SOA. These agencies recorded this obligation effective for the year ended March 31, 1998. The methodology for calculating the liability was determined in conjunction with the Province, which accepts responsibility for pension liability for prior service, as well as for any variance resulting from the calculation.

These SOAs continue not to remit the employer's share of pension directly to the Superannuation Fund. Instead, each agency has a separate investment account into which is deposited an amount equal to the pension liability recorded at March 31, 1998, plus ongoing quarterly payments matching employees' contributions to the Superannuation Fund. The Civil Service Commission makes current payments to the Superannuation Fund for retired employees and recovers applicable costs from each SOA's investment account. Interest is earned at rates based on actuarial projections provided by the Province and is reported in each SOA's income statement. At March 31 each year, the balance in the SOA's investment account is adjusted to agree with the accumulated pension liability determined by the Province.

An actuarial valuation of the Civil Service Superannuation Fund was completed for December 31, 1998. It accounted for the actuarial earnings of the Fund to that date and provided a revised formula for updating the liability. The Province recalculated the liability at March 31, 1999 using updated data in the actuarial report. The resulting increase of $134 related to this tri-annual adjustment to the Fund has been treated as an experience loss and expensed by SOAs.

10. Employee pension benefits (continued)

The Province has restated the pension liability at March 31, 1999 on an indexed basis to be consistent with its revised policy. An error in the original methodology also caused the previous calculation to be understated. The Province assumed responsibility for these two liability changes. The resulting increase of $1,025 in pension obligation as at March 31, 1999 has been offset by SOAs recording a receivable entitled "Deferred contributions - Province of Manitoba".

The accumulated pension liability at March 31, 2000 is $7,266 (1999 - $5,229).

11. Severance pay benefits

Effective April 1, 1998, SOAs are recording accumulated severance pay benefits for their employees. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and retires from the agency. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by SOA employees to March 31, 1998, as well as for the benefits accumulated by employees of the Manitoba Securities Commission to March 31, 1999. Accordingly, the opening severance pay liability balance as at April 1, 1998 of $3,511 and as at April 1, 1999 of $135 are completely offset by a receivable from the Province. There are no terms of repayment for this receivable, and the amount will remain fixed at $3,646.

12. Equity

	2000	1999
Contributed equity		
Fleet Vehicles Agency	$ 4,118	$ 4,118
Industrial Technology Centre	62	62
Mail Management Agency	51	51
Manitoba Text Book Bureau	549	549
Materials Distribution Agency	1,246	1,246
Office of the Fire Commissioner	11,279	11,279
Pineland Forest Nursery	356	356
	$17,661	$17,661

12. Equity (continued)

Retained earnings (restated)	2000	1999
Civil Legal Services	$ 501	$ 957
Companies Office	2,231	1,667
Fleet Vehicles Agency	9,903	9,728
Food Development Centre	-	(136)
Industrial Technology Centre	922	600
Land Management Services	530	837
Mail Management Agency	425	487
MERLIN	(334)	(454)
Manitoba Securities Commission	1,551	-
Manitoba Text Book Bureau	85	110
Materials Distribution Agency	3,415	2,930
Office of the Fire Commissioner	(301)	(239)
Organization and Staff Development	182	242
Pineland Forest Nursery	734	616
The Property Registry	4,155	3,758
The Public Trustee	825	1,074
Vital Statistics Agency	1,618	1,665
Financing Authority	3	3
	$26,445	$23,845

13. Reserve funds

The Public Trustee

The Public Trustee has allocated a reserve out of retained earnings to provide for short-term fluctuations in revenue due to changes in revenue patterns or extraordinary expenses. The balance of the reserve at March 31, 2000 is $500 (1999 - $500).

Manitoba Securities Commission

The Manitoba Securities Commission has allocated a reserve out of retained earnings to provide for extraordinary regulatory expenses and changes in market activity affecting revenue. The intent is to fund the reserve over four years to an accumulated balance of $1,000. The balance of the reserve at March 31, 2000 is $435.

14. Commitments

Commitments for SOAs with lease agreements at March 31, 2000 total $5,088 (1999 - $5,651).

Other commitments entered into by SOAs are as follows:

Manitoba Text Book Bureau	Provision of warehousing and distribution services	$ 167
Office of the Fire Commissioner	Vehicle lease agreements	514
The Property Registry	Equipment lease agreements	557
		$1,238

15. Contingent liability

The Province of Manitoba is implementing the Better Systems Initiative (BSI) to facilitate single-window access by business and the general public to government registry services and data bases. The Companies Office and The Property Registry will begin to be phased onto BSI during the 2000/01 fiscal year. The agencies will be expected to pay their proportionate share of BSI costs. Estimates of their liability and cost are not known because the accounting treatment and an appropriate method of apportioning costs have not been determined by the Province. It is not expected that there will be any costs assigned for the year ended March 31, 2000. It is anticipated that this matter will be resolved during the year ending March 31, 2001.

16. Correction of prior period error

The Mail Management Agency determined that a reduction of prepaid expenses in the amount of $105 was omitted from the March 31, 1999 financial statements. As a result of the correction of this error, prepaid expenses and net income have been reduced by $105 for the year ended March 31, 1999.

17. Estates and trusts under administration

The Public Trustee has statutory responsibility for administering clients' estates and trusts. The client assets under administration at March 31, 2000 total approximately $151,000 (1999 - $151,000). The trust activities of The Public Trustee are reported in separate audited financial statements for Estates and Trusts under Administration.

18. Public sector compensation

Pursuant to the disclosure required by ***The Public Sector Compensation Disclosure Act***, the Chairperson/SOA Coordinator was the only employee of the Financing Authority who received compensation of $50 or more during the fiscal year ended March 31, 2000.

Name	Position	2000	1999
Wilkins, John	SOA Coordinator	$75	$72

Compensation information for each SOA is disclosed in the notes to their audited financial statements.

19. Financing instruments

The carrying amounts of the current assets and liabilities are reasonable estimates of their fair value because of the short-term maturity of these instruments.

20. Comparative figures

Certain of the prior year's figures have been restated to conform with the financial statement presentation adopted for the current year.

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Board of Governors of The University of Manitoba
To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba

We have audited the comparative statement of financial position of The University of Manitoba as at March 31, 2000 and the comparative statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2000 and the results of its operations and changes in fund balances and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
May 26, 2000

Jon W. Singleton, CA
Provincial Auditor

FINANCIAL STATEMENTS

The University of Manitoba
Comparative Statement of Financial Position
as at March 31
(in thousands of dollars)

Assets	*2000*	*1999*
Current Assets		
Cash	$ 6,903	$ 13,541
Investments (Note 3)	41,985	24,416
Accounts Receivable:		
Council on Post-Secondary Education	4,646	3,712
General	23,544	15,514
Research and Special	14,490	14,248
Inventories	3,455	3,121
Prepaid Expenses	73	369
	95,096	74,921
Long Term Assets		
Investments (Note 3)	132,190	119,092
Funds on Deposit for Staff Benefits (Note 4)	32,137	31,237
Investment in Subsidiary Companies (Note 5)	90	88
Capital Assets, Net of Accumulated Amortization (Note 7)	249,137	222,977
	413,554	373,394
	$ 508,650	$ 448,315

Liabilities	*2000*	*1999*
Current Liabilities		
Accounts Payable	$ 27,135	$ 31,115
Bank Loan (Note 8)	1,550	7,200
Unearned Revenue	1,381	620
Unfunded Staff Benefits	6,050	5,568
Current Portion of Capital Lease Obligations (Note 9)	374	648
Current Portion of Long Term Debt (Note 10)	217	
	36,707	45,151
Long Term Liabilities		
Capital Lease Obligations (Note 9)	131	477
Province of Manitoba Capital Advances, and Debentures Payable (Note 10)	9,083	11,002
Less: Sinking Fund Assets on Deposit with the Province of Manitoba for the Retirement of Debentures (Note 10)	8,535	9,818
	548	1,184
Term Loans (Note 10)	5,223	
	5,902	1,661
Fund Balances		
Unrestricted Funds	307	237
Internally Restricted Funds	28,397	24,420
Externally Restricted Funds	181,839	162,940
Invested in Capital Assets	255,498	213,906
	466,041	401,503
	$ 508,650	$ 448,315

Contingent Liabilities (Note 17)

APPROVED BY THE BOARD OF GOVERNORS

CWeselake

Paul M. Soubry - Chair

Claudia Weselake - Vice-Chair

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Operations and Changes in Fund Balances

for the years ended March 31
(in thousands of dollars)

	General Funds (Note 2d)	*Restricted Funds (Note 2e)*	*Endowment Fund (Note 2f)*	*2000 Total Funds*	*1999 Total Funds*
Revenue:					
Tuition and Related Fees	$ 67,314	$	$	$ 67,314	$ 61,364
Contributions, Donations, Non-Government Grants	53	45,479	7,624	53,156	48,079
Investment Income	1,675	12,273		13,948	13,940
Miscellaneous Income	2,245	24		2,269	815
Government Grants:					
Council on Post-Secondary Education	166,113	12,916		179,029	171,588
Other Province of Manitoba	5,932	24,930		30,862	23,243
Government of Canada	37	40,168		40,205	34,718
Sales of Goods and Services	19,736			19,736	20,308
Ancillary Enterprises	22,678			22,678	23,765
	285,783	135,790	7,624	429,197	397,820
Expense:					
Academic	154,271	62,453		216,724	215,736
Other Academic	14,190	3,258		17,448	17,650
Libraries	10,178	100		10,278	10,480
Student Services	10,657	536		11,193	10,823
Administration	10,995	1,363		12,358	13,440
Plant Maintenance	28,568	5		28,573	24,827
General	5,792	2,475		8,267	7,960
Property Taxes	15,729			15,729	14,502
Scholarships, Bursaries, Prizes and Awards	907	5,377		6,284	5,573
Interest on Bank Loan, Debentures, Capital Advances and Capital Lease Obligations		1,434		1,434	1,435
Amortization of Capital Assets		19,676		19,676	20,233
Ancillary Enterprises	21,519			21,519	22,831
Staff Benefits & Early Retirement Provision - Contra	(2,329)	(495)		(2,824)	(2,965)
	268,477	96,182		364,659	362,545
Net Revenue	17,308	39,608	7,624	64,538	35,275
Inter-Fund Transfers	(14,343)	13,172	1,171		
Net Increase to Fund Balances	2,963	52,780	8,795	64,538	35,275
Fund Balances Beginning of the Year	262	361,130	40,111	401,503	366,228
Fund Balances End of the Year	$ 3,225	$ 413,910	$ 48,906	$ 466,041	$ 401,503
Unrestricted Funds	$ 307	$	$	$ 307	$ 237
Externally Restricted Funds		132,933	48,906	181,839	162,940
Internally Restricted Funds	2,918	25,479		28,397	24,420
Invested in Capital Assets		255,498		255,498	213,906
	$ 3,225	$ 413,910	$ 48,906	$ 466,041	$ 401,503

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Operations and Changes in Fund Balances for the General Funds
for the years ended March 31
(in thousands of dollars)

	General Operating Fund (Note 2d)	*Specific Provisions Fund (Note 2d)*	*Expenses Funded From Future Revenue (Note 2d)*	*2000 Total General Funds*	*1999 Total General Funds*
Revenue:					
Tuition and Related Fees	$ 67,314	$	$	$ 67,314	$ 61,364
Contributions, Donations, Non-Government Grants	53			53	1,074
Investment Income	1,675			1,675	1,486
Miscellaneous Income	2,245			2,245	773
Government Grants:					
Council on Post-Secondary Education	166,113			166,113	162,225
Other Province of Manitoba	5,932			5,932	5,339
Government of Canada	37			37	43
Sales of Goods and Services	19,736			19,736	20,308
Ancillary Enterprises	22,678			22,678	23,765
	285,783			285,783	276,377
Expense:					
Academic	154,271			154,271	156,880
Other Academic	14,190			14,190	14,387
Libraries	10,178			10,178	10,411
Student Services	10,657			10,657	10,761
Administration	10,995			10,995	12,692
Plant Maintenance	26,568			26,568	24,823
General	5,792			5,792	4,655
Property Taxes	15,729			15,729	14,502
Scholarships, Bursaries, Prizes and Awards	907			907	867
Ancillary Enterprises	21,519			21,519	22,831
Staff Benefits & Early Retirement Provision - Contra	(2,329)			(2,329)	(2,473)
	268,477			268,477	270,336
Net Revenue	17,306			17,306	6,041
Net Increase in Expenses to be Funded From Future Revenues	482		(482)		
Inter-Fund Transfers	(17,718)	3,375		(14,343)	(12,911)
Net Increase (Decrease) to Fund Balances	70	3,375	(482)	2,963	(6,870)
Fund Balances Beginning of the Year	237	5,593	(5,568)	262	7,132
Fund Balances End of the Year	$ 307	$ 8,968	$ (6,050)	$ 3,225	$ 262
Unrestricted Funds	$ 307	$	$	$ 307	$ 237
Internally Restricted Funds		8,968	(6,050)	2,918	25
	$ 307	$ 8,968	$ (6,050)	$ 3,225	$ 262

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Operations and Changes in Fund Balances for the Restricted Funds
for the years ended March 31
(in thousands of dollars)

	Capital Asset Fund (Note 2e)	*Research and Special Fund (Note 2e)*	*Staff Benefits Fund (Note 2e)*	*Trust Fund (Note 2e)*	*2000 Total Restricted Funds*	*1999 Total Restricted Funds*
Revenue:						
Contributions, Donations, Non-Government Grants	$ 10,664	$ 29,493	$ 763	$ 4,559	$ 45,479	$ 42,321
Investment Income	944		2,944	8,385	12,273	12,448
Miscellaneous Income				24	24	42
Government Grants:						
Council on Post-Secondary Education	12,916				12,916	9,363
Other Province of Manitoba	8,432	16,498			24,930	17,904
Government of Canada	7,075	33,093			40,168	34,675
	40,031	79,084	3,707	12,968	135,790	116,753
Expense:						
Academic		62,453			62,453	58,856
Other Academic		3,258			3,258	3,263
Libraries		100			100	69
Student Services		536			536	62
Administration		1,363			1,363	748
Plant Maintenance		5			5	4
General		12	1,626	837	2,475	3,325
Scholarships, Bursaries, Prizes and Awards		3,909		1,468	5,377	4,706
Interest on Bank Loan, Debentures, Capital Advances and Capital Lease Obligations	1,434				1,434	1,435
Amortization of Capital Assets	19,676				19,676	20,233
Staff Benefits & Early Retirement Provision - Contra		(495)			(495)	(492)
	21,110	71,141	1,626	2,305	96,182	92,209
Net Revenue	18,921	7,943	2,081	10,663	39,608	24,544
Inter-Fund Transfers	22,671	(5,264)	(590)	(3,645)	13,172	12,729
Net Increase to Fund Balances	41,592	2,679	1,491	7,018	52,780	37,273
Fund Balances Beginning of the Year	213,906	34,229	30,696	82,299	361,130	323,857
Fund Balances End of the Year	$ 255,498	$ 36,908	$ 32,187	$ 89,317	$ 413,910	$ 361,130
Externally Restricted Funds	$	$ 36,908	$ 25,413	$ 70,612	$ 132,933	$ 122,829
Internally Restricted Funds			6,774	18,705	25,479	24,395
Invested in Capital Assets	255,498				255,498	213,906
	$ 255,498	$ 36,908	$ 32,187	$ 89,317	$ 413,910	$ 361,130

(The accompanying Notes form an integral part of the Financial Statements)

Comparative Statement of Cash Flows
as at March 31
(in thousands of dollars)

	General Funds	*Restricted Funds*	*Endowment Fund*	2000 *Total Funds*	1999 *Total Funds*
Cash from Operating Activities:					
Excess of Revenue over Expense	$ 17,306	$ 39,608	$ 7,624	$ 64,538	$ 35,275
Amortization of Capital Assets		19,676		19,676	20,233
Income on Investment in Subsidiary Companies	(2)			(2)	(2)
	17,304	59,284	7,624	84,212	55,506
Net Change in Non-Cash Working Capital Items	4,962	(16,943)		(11,981)	(1,266)
Net Cash Generated through Operating Activities	22,266	42,341	7,624	72,231	54,240
Investing Activities:					
Increase in Long-Term Investments		(4,303)	(8,795)	(13,098)	(10,337)
(Increase) Decrease in Funds on Deposit for Staff Benefits		(900)		(900)	1,221
Purchase of Capital Assets		(45,836)		(45,836)	(43,371)
Net Cash Used in Investing Activities		(51,039)	(8,795)	(59,834)	(52,487)
Financing Activities:					
Proceeds from Capital Lease Obligations		71		71	628
Proceeds from Province of Manitoba Capital Advance		257		257	706
Proceeds from Bank Loan		2,533		2,533	4,000
Principal Repayment on Capital Lease Obligations		(691)		(691)	(728)
Principal Repayment on Province on Manitoba Capital Advances		(2,039)		(2,039)	(2,072)
Principal Repayment on Debentures		(137)		(137)	(127)
Principal Repayment on Bank Loan		(2,743)		(2,743)	(1,050)
Net Cash (Used) Generated through Financing Activities		(2,749)		(2,749)	1,357
Net Increase (Decrease) in Cash	22,266	(11,447)	(1,171)	9,648	3,110
Inter-Fund Adjustments	(14,343)	13,172	1,171		
Cash Beginning of Year	13,993	33,782		47,775	44,665
Cash End of Year	$ 21,916	$ 35,507	$	$ 57,423	$ 47,775
Cash is defined as:					
Cash	$ 2,349	$ 4,554	$	$ 6,903	$ 13,541
Investments	19,567	22,418		41,985	24,416
Sinking Fund Assets on Deposit with the Province of Manitoba		8,535		8,535	9,818
	$ 21,916	$ 35,507	$	$ 57,423	$ 47,775

(The accompanying Notes form an integral part of the Financial Statements)

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of The University of Manitoba Act, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. Through its professional programs, the University of Manitoba fills a special niche in the educational and research needs of Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service the University makes its expertise available to all Manitobans.

2. SIGNIFICANT ACCOUNTING POLICIES

a. General

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Canadian Institute of Chartered Accountants ("CICA") for not-for-profit organizations. The University has adopted the restricted fund method of accounting for contributions.

b. Fund Accounting

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Comparative Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, General, Restricted and Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research & Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowment funds of the University.

c. Accounting Estimates

Accounting estimates are included in financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include accruals for property taxes not yet assessed and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

d. General Funds

General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services such as the telephone system in the units' expenses and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University Book Store, Parking, Student Residences and Pharmacy/Post Office are classified as Ancillary Enterprises and are budgeted on a break-even basis. Any surpluses or deficits are unrestricted and are maintained within the General Operating Fund. Overhead costs have been allocated to all ancillary operations. The replacement or improvement of capital assets for these ancillaries is funded by an annual appropriation to the Specific Provisions Fund. Amortization of ancillary capital assets, and interest expense on the University Parkade is recorded in the Capital Asset Fund.

Academic and administrative units also generate revenues through the sale of goods and services to individuals, companies and organizations external to the University. The revenues earned are unrestricted resources and are reflected in the General Operating Fund.

Specific Provisions Fund:

The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research & Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, or other matters, including a fiscal stabilization provision to offset potential spending in excess of future budgets and an early retirement incentive provision. Such appropriations are shown as inter-fund transfers on the Comparative Statement of Operations and Changes in Fund Balances.

Expenses Funded From Future Revenues:
Expenses Funded from Future Revenues records the amount of unpaid vacation pay for permanent non-academic staff which will be funded from future revenues.

e. Restricted Funds

Capital Asset Fund:
The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets, sinking fund investment income and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances and debentures. Expenses include interest on debt relating to the acquisition of capital assets, amortization and gains or losses on disposal of capital assets including write downs resulting from obsolescence.

Research and Special Fund:
The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both federal and provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

Staff Benefits Fund:
Surplus funds of the Staff Benefits Fund are invested by and held in the custody of The Great-West Life Assurance Company. The Staff Benefits Fund is divided into Fund Accounts for Benefit Improvement and Maintenance, Self-Insured Plans and Group Insurance Experience Refunds, the revenues of which are restricted for the purposes noted.

(i) Benefit Improvement and Maintenance:
This Fund Account is used for special payments towards any unfunded liability of The University of Manitoba Pension Plans (1970) and (1993), staff benefit improvements and other uses. Employment Insurance Commission premium savings resulting from the extended sick leave coverage provided by the University are credited to this Fund Account.

The Benefit Improvement and Maintenance balance at March 31, 2000 is $6,670 (1999, $6,587).

(ii) Self-Insured Plans:
This Fund Account records the assets and liabilities for two self-insured benefit plans, the Long-Term Disability Income Plan and the Dental Plan. The Long Term Disability Income Plan is used for long term disability payments arising on and after June 1, 1981 for eligible staff. The Plan contains two funds, one for the payment of Basic Benefits and another for the payment of Cost-of-Living Benefits. An actuarial valuation of the Long Term Disability Income Plan was completed by AON Consulting as at March 31, 1999. The actuarial valuation showed a surplus of $3,083 for the Basic Benefits portion and a surplus of $884 for the Cost-of-Living Benefits portion. The Long-Term Disability Plan balance as at March 31, 2000 is $14,463 (1999, $13,635).

The Dental Plan is administered by Manitoba Blue Cross. Surplus funds are held for the purpose of covering deficits which may occur in this self-insured plan. The Dental Plan balance as at March 31, 2000 is $221 (1999, $205).

(iii) Group Insurance Experience Refunds:
This Fund Account is used for the support of current and future staff benefit programs. Experience refunds from The Great-West Life Assurance Company related to the group insurance plans are credited to this Fund Account. The Group Insurance Experience Refund balance at March 31, 2000 is $10,833 (1999, $10,209).

Trust Fund:
The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

f. Endowment Fund
The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and the income earned be utilized for designated purposes. In certain cases, the donor requires that a portion of the current investment income also be capitalized. As such, these funds are added to the capital account of the endowment.

g. Revenue Recognition
Restricted contributions relating to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income earned on surplus funds, with the exception of trust and endowment funds, is recorded as unrestricted income in the General Operating Fund.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received. Investment income earned on endowments is recorded in the appropriate fund depending on the restrictions imposed by the original donor.

h. Contributed Materials and Services

Gifts-in-kind for materials other than capital assets are recorded in the financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, however, the market value of these services are not recognized in the financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund-raising or sporting events all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the financial statements, are critical to the successful functioning of the University.

i. Investments

Surplus cash is invested in the short term money market when management considers it practical to do so. Income is recognized on the accrual basis.

Trust and endowment funds are invested in either the University Investment Trust ("UIT") or the Specific Trusts. The UIT is pooled for investment purposes. Within the UIT individual capital accounts are unitized, in order to improve the protection of the real value of capital balances against inflation and to facilitate the equitable distribution of income based on the number of units. A new market value per unit is determined quarterly. Capital contributions and withdrawals are based on the current quarterly market value per unit. The Specific Trust funds are not pooled but are invested individually according to the wishes of the donor.

Trust and endowment funds, where no specific investment provisions exist, are invested in fixed income securities and in the equity markets, and held by an independent custodial services company. These investments are professionally managed. Income, including realized gains and losses, is recognized on the accrual basis, and distributed annually, net of administrative costs and an allocation to a stabilization reserve. Where specific investment provisions exist, funds are generally invested in fixed-income securities and income is recognized on the accrual basis.

Staff benefits funds are invested in pooled funds in the fixed income securities and equity markets. These investments are professionally managed and held in the custody of an independent company. Income, including realized gains and losses, is recognized on the accrual basis, net of administrative costs.

All investments are carried at the lower of cost and fair value. Gains and losses are recognized in the year of disposal.

j. Pledges Receivable

The University does not record pledges receivable in its financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectibility is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

k. Inventories

Inventories have been valued at the lower of cost and replacement cost.

l. Capital Assets

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	50 years
Computers & Electronics	5 years
Library Books	10 years
Other Furniture & Equipment	10 years
Parking Lots	20 years
Vehicles	5 years

Equipment acquired under a capital lease is amortized over the term of the lease. Works of art, treasures, rare books and manuscripts are not amortized. Capital assets acquired or constructed and put into use during the fiscal year are amortized at one-half of the applicable rate.

m. Collections

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections and therefore does not have a formal policy with respect to the use of proceeds of disposal. However, the University abides by all restrictions placed by donors at the time a donation is received, which may include restrictions imposed relating to the sale of a collection or items contained therein.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

n. Pension Costs

Pension costs are based on the contributions required of the University under the University of Manitoba Pension Plans.

o. Financial Instruments

The financial instruments at the University consist of cash, short term investments, accounts receivable, long term investments, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency, market or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying vales, unless otherwise disclosed.

3. INVESTMENTS

The fair values and book values of investments as at March 31 are:

	2000 Fair Value	2000 Book Value	1999 Book Value
Bonds and Debentures:			
Government of Canada	$ 25,236	$ 25,780	$ 29,640
Provincial:			
Province of Manitoba	731	752	634
Other	8,762	9,023	10,416
Provincial Guaranteed:			
Province of Manitoba	167	167	-
Other	2,370	2,209	2,354
Municipal	3,763	3,876	2,867
Other	30,262	30,847	28,023
	[illegible]	72,644	73,934
Equities	60,769	33,252	23,699
Savings Certificates, Term Deposits and Treasury Bills	68,281	68,279	45,875
	$200,329	$174,175	$ 143,508
Held For:			
General & Research	$ 41,985	$ 41,985	$ 24,416
Trust & Endowment	158,344	132,190	119,092
	$200,329	$174,175	$ 143,508

4. FUNDS ON DEPOSIT FOR STAFF BENEFITS

The fair value and book value of investments held for Staff Benefit's as at March 31 are:

	2000 Fair Value	2000 Book Value	1999 Book Value
Bonds	$ 24,545	$ 23,824	$ 21,782
Equities	5,056	2,862	4,095
Real Estate	5,252	5,147	5,060
Savings Certificates, Term Deposits and Treasury Bills	254	304	300
	$ 35,107	$ 32,137	$ 31,237
Held For:			
Benefit Improvement & Maintenance	$ 7,281	$ 6,670	$ 6,587
Self Insured Plans	16,047	14,684	13,840
Group Insurance Experience Refunds	11,779	10,783	10,810
	$ 35,107	$ 32,137	$ 31,237

5. INVESTMENT IN SUBSIDIARY COMPANIES

Smart Park Development Corporation is a wholly owned subsidiary of the University. The company has a March 31 year end and it's purpose is to market and promote the development of a research park at the University of Manitoba.

University of Manitoba Research Ltd.,incorporated under the Manitoba Corporations Act, is a wholly-owned subsidiary of the University. University of Manitoba Research and Development Corporation is a wholly-owned subsidiary of University of Manitoba Research Ltd. Both subsidiary companies have a March 31 year end and were inactive during the 1999/00 fiscal year. The consolidated net income (loss) of University of Manitoba Research Ltd. is recorded in the General Operating Fund in the Comparative Statement of Operations and Changes in Fund Balances.

Small Business Law Clinic (MB) Inc. is a wholly-owned not-for-profit corporation without share capital. The purpose of the corporation is to operate a clinic, whereby students from the Faculty of Law may develop skills that are prerequisite to a successful solicitor-client relationship and in the process, assist community-based entrepreneurs and small business owners by dispensing legal information at a nominal cost. The company is exempt from income taxes under Section 149 of the Income Tax Act.

6. ECONOMIC INTEREST IN RELATED ENTITIES

a. 2985901 Manitoba Ltd.

The University has a one-third interest in 2985901 Manitoba Ltd. (formerly known as MBnet Networking Inc., "MBnet"), which is incorporated under the Manitoba Corporations Act as a corporation without share capital. During the year the net assets of MBnet were sold and the proceeds were distributed to its three member institutions, the University of Manitoba, the University of

Winnipeg, and Brandon University. The University of Manitoba's share of the proceeds of disposition have been recorded in the General Operating Fund.

b. The University of Manitoba Foundation U.S.A. Inc.

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. ("the Foundation") which is an Illinois Not-For-Profit Corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members on the Board include, among others, certain senior staff of the University of Manitoba. The University of Manitoba, however, is one of many universities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

c. Biovar Life Support Inc.

The University has a 25% interest in Biovar Life Support Inc. ("Biovar") which is a profit-oriented company. Biovar has a June 30 year end. The University accounts for its investment in Biovar utilizing the cost method as it does not have significant influence in the management and/or direction of the company.

7. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 3,615	$ -	$ 3,635	$ 2,838
Buildings	247,223	78,169	169,054	139,817
Construction in Progress	10,444	-	10,444	21,505
Library Books	80,462	58,125	22,337	20,439
Rare Books and Manuscripts	3,402	-	3,402	3,300
Works of Art	482	-	482	409
Computers & Electronics	74,755	59,517	15,238	14,737
Other Furniture & Equipment	75,739	52,614	23,125	17,723
Vehicles	4,262	3,188	1,074	1,112
Parking Lots	154	13	141	53
Assets Under Capital Lease	3,059	2,834	225	1,044
	$ 503,597	$ 254,460	$ 249,137	$ 222,977

8. BANK LOAN

The bank loans are payable on demand with interest at prime minus .75%.

	2000	1999
Brodie Centre	$ 650	$ 3,200
University Parkade	1,000	4,000
	$ 1,650	$ 7,200

9. CAPITAL LEASE OBLIGATIONS

Minimum lease payments which includes principal and interest under the capital lease obligations are as follows:

2001	$ 392
2002	107
2003	17
2004	15
Total Minimum Lease Payments	531
Less: Interest at 6%	(26)
	505
Less: Current Portion	(374)
	$ 131

10. LONG TERM DEBT

	2000	1999
Capital Advances-payable to the Province of Manitoba:		
Urgent Projects - 6 3/8% due May 20, 2007	$ 482	$ 482
Urgent Projects - 6 3/8% due July 27, 2008	706	706
Urgent Projects - 6 7/8% due December 15, 2009	257	-
Utility Service Tunnel - 9.3335% due March 31, 2001-2003	7,333	9,372
	8,778	10,560
Debenture payable-principal and interest guaranteed by the Province of Manitoba:		
7 1/2% series 1R due April 15, 2000-2001	305	442
	9,083	11,002
Less: Sinking Fund Assets on Deposit with the Province of Manitoba	(8,435)	(9,818)
	$ 648	$ 1,184

The fair value of Sinking Fund Assets at March 31, 2000 is $8,142.

Term Loans		
University Parkade, 6.51%, due July 30,2004	$ 3,934	$ -
Helen Glass Centre for Nursing, 6.75% due November 1, 2004	1,506	-
	5,440	-
Less : Current Portion	(217)	-
	$ 5,223	$ -

Principal repayments on long term debt payable over the next five years are as follows:

	Terms Loans	Capital Advances/ Debentures	Total
2001	$ 217	$ 2,377	$ 2,594
2002	235	2,596	2,831
2003	250	2,665	2,915
2004	265	-	265
2005	4,473	-	4,473
Thereafter	-	1,445	1,445
	$ 5,440	$ 9,083	$14,523

11. INTER-FUND ADVANCES AND LOANS

Inter-Fund advances and loans at March 31 are as follows:

	2000	1999
General Operating Fund:		
Due from Trust	$ 51	$ 84
Due to Trust	(1,813)	(446)
Due (to) from Capital Asset	(11,480)	2,066
Due to Staff Benefits	(180)	(180)
	$ (13,372)	$ 1,524
Capital Asset Fund:		
Due from (to) Operating	$ 11,480	$ (2,066)
Trust Fund:		
Due from Operating	$ 1,762	$ 382
Due from Staff Benefits	100	-
	$ 1,862	$ 382
Staff Benefits Fund:		
Due from Operating	$ 180	$ 180
Due to Trust	(100)	-
	$ 80	$ 180

12. INTER-FUND TRANSFERS

Inter-fund transfers from the General Operating Fund include $12,618 (1999, $16,287) of transfers to the Capital Asset Fund to cover the purchase of capital assets and debt servicing costs and $8,983 (1999, $7,164) of transfers to the Specific Provisions Fund to provide future funding for the replacement, improvement or emergency maintenance of capital assets, and for the early retirement incentive plan.

Inter-fund transfers from the Trust Fund include $1,882 (1999, $1,157) of transfers to the Research and Special Fund to cover eligible costs of research and special activities.

Inter-fund transfers from the Research and Special Fund include $495 (1999, $492) of transfers to the Specific Provisions Fund to cover the cost of future early retirements, $5,233 (1999, $3,766) of transfers to the Capital Asset Fund to cover the purchase of capital assets and $1,305 (1999, $1,213) of transfers to the General Operating Fund to cover overhead costs incurred by general operations on research and non-research contracts.

Inter-fund transfers from the Specific Provisions Fund include $4,927 (1999, $2,035) of transfers to the Capital Asset Fund to cover the purchase of capital assets.

13. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed capital equipment, a building and library books of $7,064 (1999, $327).

14. PENSION PLANS

The University of Manitoba administers the University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986) and The University of Manitoba Pension Plan (1993). These are trusteed pension plans. The Trustees are responsible for the custody of the Plans' assets and issuance of annual financial statements, which do not form part of the University's financial statements.

Actuarial valuations of The University of Manitoba Pension Plan (1970) and The University of Manitoba Pension Plan (1993) were completed by Eckler Partners Ltd. in 1999 as of December 31, 1997. The results of these valuations have been extrapolated by Eckler-Partners Ltd. to December 31, 1999. As at December 31, 1999, the University of Manitoba Pension Plan (1970) and University of Manitoba Pension Plan (1993) were in an actuarial surplus of $509 and $15,600, respectively. The next full actuarial valuation of the plans will be effective December 31, 1999 and will be completed in 2000.

The obligation for pension benefits under The University of Manitoba GFT Pension Plan (1986) is equal to the net assets available for benefits. Therefore, there is no requirement for an actuarial valuation of this plan. On June 10, 1994 the University was advised by Revenue Canada that the University of Manitoba Pension Plan (1993) was a deemed registered Plan pending the release of the Government of Canada Department of Finance's publication of regulations concerning self-insured funding arrangements. The University of Manitoba Pension Plan (1993) continues to be a deemed registered pension plan as the regulations are still pending release by the Department of Finance. The University's cost of contributions to the Plans for the year ended March 31, 2000 was $10,419 (1999, $10,136).

15. CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE

The University of Manitoba is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

16. COMMITMENTS

Contractual commitments relating to construction in progress amount to $1,572 (1999, $3,114).

17. CONTINGENT LIABILITIES

On March 31, 1997, the University of Manitoba entered into an energy performance contract with MCW Energy Reduction Services Ltd. ("MCW"). Under the terms of a tri-party agreement, the University has agreed to the assignment by MCW to Paribas of all right, title and interest in payment of monies by the University under the energy performance contract. This agreement provides remedies to the University and Paribas in the event that MCW defaults on its obligations under the energy performance contract or receivable sale agreement. The University is contingently liable for any termination value owing to Paribas existing at the time of default by MCW. The amount of the potential liability, if any, cannot be estimated at this time.

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings can not be predicted at this time, management and it's legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims, as of March 31, 2000.

18. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 1999 have been restated, where appropriate, to conform with the presentation adopted for March 31, 2000.

SCHEDULES

Schedule 1 **Changes to Specific Provisions Fund**

	Balance March 31, 1999	*Additions*	*Deductions*	*Balance March 31, 2000*
Academic Development	$ 282,444	$	$	$ 282,444
Ancillary Furniture & Equipment Replacement	2,042,182	538,109	1,177,297	1,402,994
Computer Equipment Replacement	828,669	437,150	499,000	766,819
Copier & Word Processor Replacement	278,751	325,958	357,767	246,942
Early Retirement Incentive	(8,664,524)	3,463,762		(5,200,762)
Emergency Building Repairs	17,374			17,374
Fiscal Stabilization	3,000,000			3,000,000
Micro Teaching Equipment Replacement	21,630			21,630
Parking Lot Improvements	4,840,331	1,045,000	3,903,196	1,982,135
Physical Education Equipment Replacement	494,851	32,397	218,446	308,802
Special Projects, Initiatives and Funding Arrangements	1,573,870	3,904,913	46,578	5,432,205
Vehicle & Other Equipment Replacement	777,043	180,131	400,316	556,858
Workers' Compensation Self Insurance	100,000	50,000		150,000
		$ 9,977,420	$ 6,602,600	
Balance End of Year	$ 5,592,621			$ 8,967,441

Schedule 2 **Changes to Capital Asset Fund**

	March 31, 2000	*March 31, 1999*
Revenue:		
Contributions, Donations, etc.	$ 4,262,150	$ 2,155,366
Council on Post-Secondary Education	12,916,328	9,363,248
Canada Foundation for Innovation	4,488,647	1,742,487
Economic Innovation Technology Council	2,533,500	150,000
Investment Income	899,228	1,043,615
Pan Am Games Society	6,600,000	1,000,000
Province of Manitoba Innovation Fund	5,897,966	1,948,462
Western Economic Development Corporation	2,433,500	213,885
	40,031,319	17,617,063
Expense:		
Amortization of Capital Assets	19,676,087	20,232,992
Interest on Bank Loan, Debentures, Capital Advances and Capital Lease Obligations	1,433,692	1,435,008
	21,109,779	21,668,000
Inter-Fund Transfers	22,671,200	22,596,050
Net Change in the Year	41,592,740	18,545,113
Balance Beginning of the Year	213,905,780	195,360,667
Balance End of the Year	$ 255,498,520	$ 213,905,780

Schedule 3 Changes to Research and Special Fund

	Balance March 31, 1999	Revenue	Expense	Inter-Fund Transfers	Balance March 31, 2000
Sponsored or Assisted Research:					
Government of Canada:					
Social Sciences and Humanities Research Council	$ 815,198	$ 1,569,100	$ 1,145,194	$	$ 1,239,104
Medical Research Council	2,915,654	9,910,376	9,376,770		3,449,260
Miscellaneous	2,032,820	3,051,563	2,520,843	(105,622)	2,457,918
National Health and Welfare	223,651	283,271	475,589		31,333
Networks of Centres of Excellence	226,866	2,611,489	2,625,536		212,819
Natural Sciences and Engineering Research Council	4,192,305	8,768,911	9,179,580	1,588	3,783,204
	10,406,494	26,194,710	25,323,512	(104,054)	11,173,638
Province of Manitoba:					
Agriculture	191,298	768,300	718,544	(17,000)	224,054
Health Research Initiative	905,791	1,336,974	498,385	(36,647)	1,707,733
Health Research Council	715,947	1,841,611	1,680,345	(34,034)	843,179
Miscellaneous	1,655,825	2,920,706	2,787,980	(3,241)	1,785,310
	3,468,861	6,867,591	5,685,254	(90,922)	4,560,276
Business and Industry	3,908,155	3,066,439	3,313,910	(107,005)	3,553,679
Foundations, Associations, etc.	5,483,947	12,250,221	11,288,047	149,399	6,595,520
Individuals, etc.	990,183	515,469	742,246	499,991	1,263,397
Manitoba Heart Foundation	328,833	1,566,093	1,401,170		493,756
National Cancer Institute of Canada	307,879	670,789	723,951		254,717
Special Projects	1,248,973	416,195	477,603	15,380	1,202,945
United States	2,539,408	2,673,148	3,103,857	(306,097)	1,802,602
	14,807,378	21,158,354	21,050,784	251,668	15,166,616
Sub-Total	28,682,733	54,220,655	52,059,550	56,692	30,900,530

Schedule 3 **Changes to Research and Special Fund**

	Balance March 31, 1999	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2000*
Special Funds:					
Government of Canada	$ 1,695,765	$ 6,897,979	$ 6,201,256	$ (483,852)	$ 1,908,636
	1,695,765	6,897,979	6,201,256	(483,852)	1,908,636
Province of Manitoba:					
Agriculture	1,062	16,313	18,455		(1,080)
Miscellaneous	(244,251)	9,614,184	9,379,896	(10,347)	(20,310)
	(243,189)	9,630,497	9,398,351	(10,347)	(21,390)
Business and Industry	139,159	199,753	124,787	(16,303)	197,822
Foundations, Associations, etc.	1,753,923	3,048,607	3,047,686	(183,362)	1,571,482
Individuals, etc.	1,230,572	786,061	1,403,657	659,175	1,272,151
Special Projects	405,857	496,774	384,918	(21,682)	496,031
	3,529,511	4,531,195	4,961,048	437,828	3,537,486
Sub-Total	4,982,087	21,059,671	20,560,655	(56,371)	5,424,732
Total Research and Special Funds	33,664,820	75,280,326	72,620,205	321	36,325,262
Scholarships, Bursaries and Prizes	563,834	3,803,660	3,909,252	124,125	582,367
	34,228,654	79,083,986	76,529,457	124,446	36,907,629
Capital Asset Contra			(4,892,689)	(4,892,689)	
Early Retirement Incentive Contra			(495,329)	(495,329)	
		$ 79,083,986	$ 71,141,439	$ (5,263,572)	
Balance End of Year	$ 34,228,654				$ 36,907,629

Schedule 4 Changes to Staff Benefits Fund

	Benefit Improvement and Maintenance	*Self-Insured Plans*	*Group Insurance Experience Refunds*	*March 31, 2000*	*March 31, 1999*
Revenue:					
Investment Income	$ 641,533	$ 1,279,714	$ 1,022,676	$ 2,943,923	$ 3,372,571
Contributions		762,789		762,789	731,002
Experience Credits			973	973	
	641,533	2,042,503	1,023,649	3,707,685	4,103,573
Expense:					
Experience Loss			13,814	13,814	1,158,247
Indemnity Payments	9,289	1,383,386		1,392,675	1,244,485
Management and Administrative Service Fees	22,649	163,671	34,247	220,567	226,592
	31,938	1,547,057	48,061	1,627,056	2,629,324
Net Revenue	609,595	495,446	975,588	2,080,629	1,474,249
Inter-Fund Transfers	(526,503)	349,079	(412,307)	(589,731)	(3,236,712)
Balance Beginning of the Year	6,586,979	13,839,626	10,269,264	30,695,869	32,458,332
Balance End of the Year	$ 6,670,071	$ 14,684,151	$ 10,832,545	$ 32,186,767	$ 30,695,869

Schedule 5 Tuition and Related Fees (General Operating Fund)

	March 31, 2000	*March 31, 1999*
Regular Session	$ 55,946,480	$ 51,197,890
Summer Session	4,905,146	4,332,802
Non-Degree Courses	6,242,011	5,634,013
Short Courses	220,467	199,112
	$ 67,314,104	$ 61,363,817

Schedule 6 Revenue and Expense, Ancillary Enterprises

	Bookstore	*Parking*	*Residences*	*Pharmacy Post Office*	*March 31, 2000*	*March 31, 1999*
Revenue	$ 16,904,575	$ 3,166,372	$ 2,000,176	$ 606,876	$ 22,677,999	$ 23,765,427
Expense:						
Salaries	2,148,977	282,919	893,673	148,231	3,473,800	3,689,618
Staff Benefits	288,289	44,797	129,602	20,404	483,092	487,508
Pay Tax Levy	46,015	6,095	20,648	3,190	75,948	81,280
Cost of Goods Sold	13,298,290			450,814	13,749,104	14,820,802
Equipment, Alterations, Etc.	118,518	484,167	730,805	11,960	1,345,450	1,584,707
Supplies and Expense	599,125	1,271,540	498,332	22,676	2,391,673	2,187,454
	16,499,214	2,089,518	2,273,060	657,275	21,519,067	22,831,369
Net Revenue (Expense)	405,361	1,076,854	(272,884)	(50,399)	1,158,932	934,058
Inter-Fund Transfers	(269,032)	(1,065,599)	273,334	9,462	(1,051,835)	(758,003)
Net Income (Loss), 2000	$ 136,329	$ 11,255	$ 450	$ (40,937)	$ 107,097	
Net Income (Loss), 1999	$ 184,693	$ 731	$ 4,145	$ (13,514)		$ 176,055

Schedule 7 **Net Operating Expenditures**

	Salaries and Wages					
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Agricultural & Food Sciences	$ 4,938,992	$ 483,673	$ 2,692,419	$ 1,140,312	$ 173,841	$ 1,394,296
Architecture	2,299,279	109,482	565,022	389,364	63,918	527,998
Arts	17,690,291	665,177	2,448,904	2,695,498	443,080	1,066,605
Continuing Education Division	3,021,074	1,056,856	2,092,720	714,510	132,619	4,823,959
Dentistry	3,834,831	141,036	1,755,080	747,122	121,909	1,199,835
Education	3,460,147	255,357	708,266	562,508	95,213	553,432
Engineering	5,168,913	493,444	1,749,991	954,393	159,128	894,614
School of Art	1,360,750	13,472	175,948	209,732	32,976	184,470
Graduate Studies	137,788	2,024,965	339,329	67,484	10,272	170,416
Human Ecology	1,771,212	106,035	426,026	305,815	48,803	231,541
Law	1,855,725	97,226	244,188	264,755	46,910	147,921
Management	4,410,130	301,968	1,073,647	710,737	122,537	1,258,245
Medicine	12,665,513	257,952	3,933,615	2,540,690	367,931	2,605,196
School of Music	1,288,749	32,634	118,096	184,020	30,956	726,496
Natural Resources Institute	405,962	8,062	60,037	63,089	9,782	94,138
Nursing	2,837,182	979,789	924,342	630,258	102,132	1,855,853
Pharmacy	1,034,446	54,930	238,114	181,234	28,741	233,452
Physical Education & Recreation Studies	1,249,250	56,997	183,181	196,400	32,577	186,219
Science	13,176,343	991,628	2,977,917	2,195,526	364,752	1,804,599
Social Work	1,606,778	16,687	292,495	263,909	41,158	162,330
University 1	73,500	42,382	239,362	46,363	7,695	117,252
Equipment & Renovations						
	84,286,855	8,189,752	23,238,699	15,063,719	2,436,930	20,238,867
Less Capitalized Items						
	84,286,855	8,189,752	23,238,699	15,063,719	2,436,930	20,238,867
Computer Services		1,841	4,867,821	693,088	104,945	1,154,338
Institutes, Centres & Specialized Academic Units	24,821	130,039	585,272	102,965	15,543	1,069,009
Communication Systems			1,389,948	212,387	29,952	305,150
Research Development	27,432	106,313	59,360	23,634	3,670	911,102
Staff Development Program			103	4	2	196,887
Colleges	191,983	2,371	422,622	85,246	13,321	181,002
Equipment & Renovations						
	244,236	240,564	7,325,126	1,117,324	167,433	3,817,488
Less Capitalized Items						
	244,236	240,564	7,325,126	1,117,324	167,433	3,817,488
Libraries						
Elizabeth Dafoe Library	1,698,602		2,542,207	623,473	91,012	2,951,519
Agriculture Library	44,006		43,297	14,385	1,881	108,478
Architecture and Fine Arts Library	90,958		239,556	52,660	7,120	85,565
Education Library	118,138		78,952	27,782	4,246	69,327
Engineering Library	107,276		74,786	27,656	3,923	295,671
Law Library	162,021		237,070	60,910	8,622	480,804
Management Library	141,368		167,307	42,152	6,648	81,571
Medical Library	492,451		688,438	178,322	25,570	1,232,987
Music Library	66,851		56,238	17,491	2,652	22,242
Science Library	196,580		281,374	67,065	10,294	1,004,876
St. John's College Library	18,947		71,552	13,112	1,949	29,429
St. Paul's College Library	18,947		88,151	13,967	2,306	42,973
Equipment & Renovations						
	3,156,145		4,568,928	1,138,975	166,223	6,405,442
Less Capitalized Items						
Books & Periodicals Expensed						(5,359,872)
	3,156,145		4,568,928	1,138,975	166,223	1,045,570

		Deduct	*Total Expenditure*	*Deduct*	*Net Expenditures*	
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*March 31, 2000*	*Sales of Goods & Services*	*March 31, 2000*	*March 31, 1999*
$ 488,738	$ 11,312,271	$ 53,156	$ 11,259,115	$ 1,015,618	$ 10,243,497	$ 10,307,399
79,137	4,034,200		4,034,200	195,898	3,838,302	4,437,753
417,828	25,427,383	37,875	25,389,508	121,555	25,267,953	27,453,193
495,930	12,337,668	93,255	12,244,413	258,579	11,985,834	11,458,562
147,634	7,947,447		7,947,447	1,750,455	6,196,992	6,721,917
305,596	5,940,519	36,147	5,904,372	35,970	5,868,402	6,339,019
427,112	9,847,595	74,134	9,773,461	373,383	9,400,078	9,023,313
38,425	2,015,773	1,680	2,014,093	57,035	1,957,058	1,836,190
15,153	2,765,407		2,765,407	78,377	2,687,030	2,799,049
107,875	2,997,307		2,997,307	121,202	2,876,105	2,866,306
50,393	2,707,118		2,707,118	96,325	2,610,793	2,709,482
291,238	8,168,502		8,168,502	26,293	8,142,209	7,506,020
268,621	22,639,518	282,991	22,356,527	2,026,201	20,330,326	20,877,332
35,742	2,416,693	2,085	2,414,608	786,678	1,627,930	1,672,548
9,709	650,779		650,779	22,486	628,293	540,608
765,104	8,094,660		8,094,660	34,999	8,059,661	7,937,217
111,647	1,882,564		1,882,564		1,882,564	1,562,962
261,105	2,165,729		2,165,729	10,204	2,155,525	1,926,800
745,331	22,256,096	124,282	22,131,814	618,038	21,513,776	21,693,175
37,657	2,421,014	102,520	2,318,494	86,127	2,232,367	2,321,257
37,378	563,932		563,932		563,932	381,421
542,789	542,789		542,789		542,789	546,353
5,680,142	159,134,964	808,125	158,326,839	7,715,423	150,611,416	152,916,874
(4,056,274)	(4,056,274)		(4,056,274)		(4,056,274)	(4,205,748)
1,623,868	155,078,690	808,125	154,270,565	7,715,423	146,555,142	148,711,126
3,318,455	10,140,488	194,686	9,945,802	293,218	9,652,584	9,811,180
30,170	1,957,819	314,700	1,643,119	906,752	736,367	463,975
141,991	2,079,428	225,378	1,854,050	148,566	1,705,484	1,821,730
85,024	1,216,535		1,216,535	1,266,492	(49,957)	101,062
133	197,129		197,129		197,129	181,619
40,226	936,771	17,645	919,126		919,126	672,167
150,606	150,606		150,606		150,606	159,300
3,766,605	16,678,776	752,409	15,926,367	2,615,028	13,311,339	13,411,033
(1,736,219)	(1,736,219)		(1,736,219)		(1,736,219)	(1,779,435)
2,030,386	14,942,557	752,409	14,190,148	2,615,028	11,575,120	11,631,598
398,713	8,305,526	31,763	8,273,763	481,010	7,792,753	8,221,621
	212,047		212,047		212,047	193,417
	475,859		475,859		475,859	522,090
	298,445		298,445		298,445	392,320
	509,312		509,312		509,312	477,318
	949,427	599	948,828	10,441	938,387	828,691
	439,046		439,046		439,046	420,667
8,804	2,626,572	6,173	2,620,399	143,913	2,476,486	2,283,871
	165,474		165,474		165,474	158,420
	1,560,189		1,560,189		1,560,189	1,519,561
	134,989		134,989		134,989	261,846
	166,344		166,344		166,344	316,085
46,401	46,401		46,401		46,401	31,400
453,918	15,889,631	38,535	15,851,096	635,364	15,215,732	15,627,317
(313,022)	(313,022)		(313,022)		(313,022)	(628,065)
	(5,359,872)		(5,359,872)		(5,359,872)	(5,455,198)
140,896	10,216,737	38,535	10,178,202	635,364	9,542,838	9,544,054

Schedule 7 Net Operating Expenditures

	Salaries and Wages					
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Student Services						
Aboriginal Student Centre	$	$ 2,360	$ 122,489	$ 14,316	$ 2,698	$ 62,449
Alumni Association			68,234	9,545	1,470	269,032
Admissions Office		13,152	644,682	95,454	14,185	164,989
Chaplain's Office						4,940
Counselling Services	463,697	40,646	106,580	83,755	13,182	211,688
Financial Aid and Awards		5,402	163,886	26,044	3,647	29,478
Housing and Student life			76,384	11,037	1,646	(7,383)
International Centre for Students		500	179,468	24,868	3,924	83,602
Parent's Programs						19,201
Playcare Centre			97,242	14,214	2,124	4,414
Recreation and Athletics	339,582	766,752	1,175,936	260,984	52,257	1,503,197
Special Programming	295,545	189,504	628,314	154,352	24,049	335,538
Student Records Office			702,333	98,514	15,051	240,153
U.M.S.U. Special Projects						9,000
University Health Services			452,205	60,482	9,739	99,110
Equipment & Renovations						
	1,098,824	1,018,316	4,417,753	853,565	143,972	3,023,418
Less Capitalized Items						
	1,098,824	1,018,316	4,417,753	853,565	143,972	3,023,418
Administration						
President's Office	724,960	11,792	1,857,719	344,604	56,571	659,580
Financial Services			2,557,931	376,979	55,182	87,847
Human Resources		13	1,696,316	246,568	36,612	343,090
Institutional Analysis			285,629	41,940	6,326	25,979
Audit Services			209,962	29,956	4,552	13,096
Legal Services			92,385	12,109	1,681	134,960
Office Machine Services						68,146
University Secretariat			255,510	37,571	5,520	74,816
Staff Benefits Office			452,496	69,460	9,795	118,358
Public Affairs			342,383	48,328	7,393	958,301
Equipment & Renovations						
	724,960	11,805	7,750,331	1,207,515	183,632	2,484,173
Less Capitalized Items						
	724,960	11,805	7,750,331	1,207,515	183,632	2,484,173
Physical Plant						
Insurance						568,013
Physical Plant		29	10,174,961	1,573,851	219,816	158,818
Planning Office			86,562	12,111	1,865	42,996
Post Office and Mail Service			180,635	27,527	3,892	908,154
Security			885,425	129,060	19,086	148,488
Utilities:						
Fuel-Fort Garry						5,025,462
Fuel-Medical and Dental						1,034,990
Light, Power and Water						4,517,035
Telephone			228,475	35,218	4,921	1,757,362
Pan Am Residences			281,194	18,254	6,046	(20,732)
Vehicle Fleet						39,176
Waste Management			9,106	613	196	614
Worker's Compensation						270,024
Fire & Safety Upgrades						2,017
Equipment & Renovations						
		29	11,846,358	1,796,634	255,822	14,452,437
Less Capitalized Items						
		29	11,846,358	1,796,634	255,822	14,452,437

		Deduct	Total Expenditure	Deduct	Net Expenditures	
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	March 31, 2000	Sales of Goods & Services	March 31, 2000	March 31, 1999
$	$ 204,312	$ 650	$ 203,662	$	$ 203,662	$ 196,368
	348,281		348,281		348,281	77,355
21,703	954,175		954,175		954,175	1,007,916
	4,940		4,940		4,940	3,099
6,285	925,833		925,833	13,163	912,670	1,292,164
7	222,464		222,464		222,464	295,422
188	81,872		81,872	5,978	75,894	89,591
7,638	300,000		300,000	106,744	193,256	124,239
320	19,521		19,521		19,521	29,171
3,773	121,767		121,767	22,303	99,464	36,778
46,960	4,145,668		4,145,668	3,104,662	1,041,006	1,079,642
26,220	1,653,522		1,653,522	337,264	1,316,258	1,123,115
19,476	1,075,527		1,075,527	185,751	889,776	1,130,787
	9,000		9,000		9,000	9,000
1,421	622,957		622,957	374,033	248,924	279,470
19,350	19,350		19,350		19,350	19,400
153,341	10,709,189	650	10,708,539	4,149,898	6,558,641	6,793,517
(51,434)	(51,434)		(51,434)		(51,434)	(130,858)
101,907	10,657,755	650	10,657,105	4,149,898	6,507,207	6,662,659
50,689	3,705,935	149,563	3,556,372	250,115	3,306,257	3,934,565
86,751	3,164,690	33,824	3,130,866	72,786	3,058,080	3,187,898
82,649	2,405,248		2,405,248	15,802	2,389,446	2,334,032
2,420	362,294		362,294		362,294	351,133
592	258,158		258,158		258,158	255,110
7,418	248,553		248,553		248,553	255,395
542,600	610,746	590,199	20,547		20,547	45,597
37,572	410,969		410,969		410,969	584,014
23,249	673,358		673,358	389,049	284,309	346,932
10,754	1,367,159	593,595	773,564	602	772,962	733,057
109,181	109,181		109,181		109,181	150,709
953,875	13,316,311	1,367,181	11,949,130	728,354	11,220,776	12,178,432
(953,875)	(953,875)		(953,875)		(953,875)	(317,663)
	12,362,436	1,367,181	10,995,255	728,354	10,266,901	11,860,769
	568,013		568,013		568,013	509,812
3,678,774	15,806,249	1,270,685	14,535,564	933,089	13,602,475	15,762,116
9,134	152,668		152,668		152,668	130,973
2,470	1,122,678	882,931	239,747		239,747	177,869
42,927	1,224,986	601,200	623,786	22,400	601,386	537,565
	5,025,482		5,025,482	902,018	4,123,464	2,720,095
130,911	1,165,901	31,484	1,134,417	17,136	1,117,281	969,331
	4,517,035	92,517	4,424,518	867,272	3,557,246	4,522,996
318,672	2,344,648	2,723,951	(379,303)	55,895	(435,198)	(316,327)
22,788	307,550		307,550		307,550	
1,751	40,927	48,159	(7,232)	32,333	(39,565)	39,365
5,808	16,337		16,337	70,413	(54,076)	
	270,024		270,024	31,452	238,572	98,749
24,125	26,142		26,142		26,142	4,096,609
2,145,200	2,145,200		2,145,200		2,145,200	2,097,003
6,382,560	34,733,840	5,650,927	29,082,913	2,932,006	26,150,905	31,346,156
(2,514,921)	(2,514,921)		(2,514,921)		(2,514,921)	(9,164,525)
3,867,639	32,218,919	5,650,927	26,567,992	2,932,006	23,635,984	22,181,631

Schedule 7 **Net Operating Expenditures**

	Salaries and Wages					
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Expenditure						
Annual Giving Program	$	$	$ 167,559	$ 17,761	$ 3,614	$ 49,083
Audit Fees/Memberships						184,248
Bad Debt						58,153
Calendars			2,945	191	63	44,060
Campus Beautification						1,314
Campus Planning Group		1,210	18,032	1,610	414	4,636
Cancopy Licence and Fees						(27,733)
Change in Vacation Pay Liability						461,830
Convocation			72,051	8,624	1,551	80,716
Employee Assistance Plan						
Handicapped Transport						
Miscellaneous						243,980
Ombudsman			43,378	5,864	934	10,670
Outreach Programs	750	2,245	3,600	297	131	19,460
R.G. & E.M. Knight Distinguished Visitors Program						
Private Funding			796,424	119,622	17,239	366,402
Quality Centre						
Retiring Allowances				13,340	2	
Rentals						51,594
Supplementary Health & Dental				904,080		
Supplementary Pensions				864,252		
Shuttle Bus						105,642
University Centre Management		3,461	382,248	54,200	8,305	472,192
United Way						5,544
Visitor Information Centre			11,869	1,391	255	
Equipment & Renovations						
	750	6,916	1,498,096	1,981,232	32,508	2,151,800
Less Capitalized Items						
	750	6,916	1,498,096	1,981,232	32,508	2,151,800
Total Operating Expenses	$ 89,511,790	$ 9,467,382	$ 60,645,291	$ 23,158,964	$ 3,386,520	$ 47,213,753

		Deduct	*Total Expenditure*	*Deduct*	*Net Expenditures*	
Equipment Alter.,Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*March 31, 2000*	*Sales of Goods & Services*	*March 31, 2000*	*March 31, 1999*
$ 9,828	$ 247,845	$	$ 247,845	$	$ 247,845	$ 280,068
	184,248		184,248		184,248	180,005
	58,153		58,153		58,153	
	47,259		47,259	794	46,465	70,470
1,247	2,561		2,561		2,561	
4,334	30,235		30,235		30,235	
	(27,733)		(27,733)		(27,733)	71,857
	481,830		481,830		481,830	(203,010)
47,455	210,397		210,397		210,397	237,986
						158,259
1,634	1,634		1,634		1,634	1,688
188	244,178		244,178	1,071	243,107	48,321
320	61,166		61,166		61,166	8,302
3,500	29,983		29,983		29,983	25,321
						14,110
21,759	1,321,446		1,321,446		1,321,446	1,384,470
						78,895
	13,342		13,342	3,279	10,063	10,061
	51,594		51,594		51,594	41,640
	904,080		904,080		904,080	726,681
	854,252		854,252	427,000	427,252	426,028
3,849	109,491		109,491		109,491	88,959
66,661	987,067		987,067	528,125	458,942	236,925
	5,544		5,544		5,544	6,220
	13,505		13,505		13,505	
6,476	6,476		6,476		6,476	15,831
167,251	5,838,553		5,838,553	960,269	4,878,284	3,909,087
(46,694)	(46,694)		(46,694)		(46,694)	(200,935)
120,557	5,791,859		5,791,859	960,269	4,831,590	3,708,152
$ 7,885,253	$ 241,268,953	$ 8,617,827	$ 232,651,126	$ 19,736,344	$ 212,914,782	$ 214,299,989

Schedule 8 **Research & Special Fund Expenditures**

	Salaries and Wages				
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Agricultural & Food Sciences	$ 30,165	$ 2,827,396	$ 852,950	$ 239,614	$ 45,151
Architecture		22,770	6,113	903	322
Arts	49,007	531,557	160,239	50,056	11,001
Continuing Education Division	309,356	90,524	255,462	79,731	12,803
Dentistry	49,855	138,473	265,057	40,646	7,532
Education	4,000	134,192	61,746	5,909	2,074
Engineering	196,616	1,850,822	243,753	66,167	12,167
School of Art		800			
Graduate Studies		1,004,355			
Human Ecology		188,560	50,792	11,134	2,489
Law		46,065	20,270	5,473	1,408
Management		72,719	124,940	17,697	3,158
Medicine	3,805,074	6,705,842	7,561,321	2,082,128	306,928
School of Music			1,950		
Natural Resources Institute	1,250	321,660	7,042	454	178
Nursing	43,819	74,476	125,462	19,039	3,200
Pharmacy	221,945	242,831	82,170	42,161	7,473
Physical Education and Recreation Studies	135,191	311,456	69,244	53,997	10,062
Science	95,869	1,731,300	230,193	105,299	18,478
Social Work	865,942	53,677	324,656	164,366	24,973
University 1		1,365	800		
	5,808,089	16,350,840	10,444,160	2,984,774	469,397
Less Capitalized Items					
	5,808,089	16,350,840	10,444,160	2,984,774	469,397
Computer Services					
Institutes, Centres and Specialized Academic Units		367,920	116,889	29,498	5,677
Communication Systems					
Colleges					
		367,920	116,889	29,498	5,677
Less Capitalized Items					
		367,920	116,889	29,498	5,677
Libraries			50,634	5,423	1,100
Less Capitalized Items					
Books & Periodicals Expensed					
			50,634	5,423	1,100
Student Services		444,586	10,016	473	164
Administration	4,470	65,784	183,653	21,612	4,070
Less Capitalized Items					
	4,470	65,784	183,653	21,612	4,070
Physical Plant			5,229		
General Expenditure			2,902		
Total Research and Special Fund Expenses	$ 5,812,559	$ 17,229,130	$ 10,813,483	$ 3,041,780	$ 480,408

Supplies and Expenses	Equipment Alter.,Etc.	March 31, 2000 Gross Expenditure	March 31, 1999 Gross Expenditure
$ 1,896,503	$ 766,476	$ 6,658,255	$ 6,261,404
58,069	4,158	92,336	49,407
668,185	117,733	1,587,778	1,522,436
284,851	33,686	1,066,413	996,354
324,672	58,194	884,429	808,291
100,807	4,802	313,630	383,581
983,710	813,268	4,166,503	3,756,340
11,207		12,007	20,946
		1,004,365	241,833
380,098	52,958	686,031	523,357
29,560	3,884	106,660	87;319
192,132	15,866	426,312	428,446
16,766,384	1,972,717	39,200,394	37,763,622
2,960		4,910	25,446
352,387	63,854	746,825	371,292
130,481		396,477	523,286
144,614	308,090	1,049,284	727,608
364,759	45,201	989,910	1,324,380
2,169,532	947,626	5,298,297	4,787,064
588,036	144,888	2,166,538	1,689,030
		2,165	
25,449,047	5,353,201	66,859,508	62,291,440
	(4,407,124)	(4,407,124)	(3,435,587)
25,449,047	946,077	62,452,384	58,855,853
			2,170
2,715,358	69,211	3,304,553	3,282,267
			2,486
3,739		3,739	6,261
2,719,097	69,211	3,308,292	3,293,203
	(50,185)	(50,185)	(30,043)
2,719,097	19,026	3,258,107	3,263,160
404,459	45,249	506,865	364,954
	(39,906)	(39,906)	(11,472)
(366,615)		(366,615)	(284,834)
37,844	5,343	100,344	68,648
81,138	60	536,437	61,928
1,057,696	54,522	1,391,807	767,731
	(28,859)	(28,859)	(18,524)
1,057,696	25,663	1,362,948	749,207
		5,229	3,375
9,165		12,067	22,025
$ 29,353,967	$ 996,169	$ 67,727,516	$ 63,024,196

Scarrow&Donald

SCARROW & DONALD
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May 5, 2000

AUDITORS' REPORT

To the Directors of
Venture Manitoba Tours Ltd.:

We have audited the balance sheet of Venture Manitoba Tours Ltd. as at March 31, 2000 and the statements of operations and deficit and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

Scarrow & Donald

Chartered Accountants

VENTURE MANITOBA TOURS LTD.

BALANCE SHEET

	March 31	
	2000	1999
ASSETS		
Current assets:		
Cash	$ -	$ 40,771
Accounts receivable	113,582	146,207
Inventories	182,648	155,858
Prepaid expenses	47,667	57,221
	343,897	400,057
Capital assets (Note 2)	4,895,157	4,418,473
	$ 5,239,054	$ 4,818,530
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities:		
Cheques issued in excess of funds on deposit	$ 25,763	$ -
Bank loan (Note 3)	4,745,000	4,290,000
Accounts payable and accrued liabilities	480,032	362,478
Advance deposits	144,175	238,624
Capital lease obligation - current portion	132,057	123,768
Advances from the Province of Manitoba, repayable on demand	250,000	250,000
	5,777,027	5,264,870
Long-term capital lease obligation (Note 6)	296,480	428,537
	6,073,507	5,693,407
Going concern considerations (Note 1)		
Shareholder's deficit:		
Share capital-		
Authorized-		
Unlimited number of common shares		
Issued-		
3,643,500 common shares	3,643,500	3,643,500
Contributed surplus	257,910	257,910
Deficit	(4,735,863)	(4,776,287)
	(834,453)	(874,877)
	$ 5,239,054	$ 4,818,530

VENTURE MANITOBA TOURS LTD.

STATEMENT OF OPERATIONS AND DEFICIT

	Year ended March 31	
	2000	1999
Revenue	$ 5,090,388	$ 5,067,878
Cost of sales	3,033,324	2,947,684
Gross profit	2,057,064	2,120,194
Operating expenses	1,184,850	1,097,994
	872,214	1,022,200
Amortization	550,793	531,016
Interest expense:		
Current	268,551	282,309
Long term	30,766	33,766
Net income before other income	22,104	175,109
Other income:		
Gain on disposal of fixed assets	18,320	51,058
Net income	40,424	226,167
Deficit, beginning of year	(4,776,287)	(5,002,454)
Deficit, end of year	$ (4,735,863)	$ (4,776,287)

VENTURE MANITOBA TOURS LTD.

STATEMENT OF CASH FLOW

	Year ended March 31 2000	1999
Cash provided by (used in):		
Operating activities-		
Cash receipts from customers	$ 5,123,013	$ 5,164,150
Cash paid to suppliers and employees	(4,212,302)	(4,030,598)
Interest paid	(299,317)	(316,075)
	611,394	817,477
Investing activities-		
Additions to capital assets	(1,010,910)	(1,163,838)
Disposal of capital assets	1,750	554,881
	(1,009,160)	(608,957)
Financing activities-		
Bank loan	455,000	(295,000)
Capital lease obligation	(123,768)	80,765
	331,232	(214,235)
Change in cash	(66,534)	(5,715)
Cash, beginning of year	40,771	46,486
Cash, end of year	$ (25,763)	$ 40,771

VENTURE MANITOBA TOURS LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2000

1. Organization, Going Concern Considerations and Significant Accounting Policies:

The financial statements have been prepared in accordance with generally accepted accounting principles. An assumption underlying the preparations of financial statements in accordance with generally accepted accounting principles is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

a) Organization-

The Company is incorporated under the Manitoba Corporations Act. The issued shares are owned by the Province of Manitoba.

The Province of Manitoba owns Hecla Golf Course and the Gull Harbour Resort and Conference Centre. The Company operates these facilities under lease agreements with the Province. These facilities are situated in the Hecla Provincial Park and are not subject to realty taxes.

The Province of Manitoba also owns the Falcon Lake Golf Course and Games area. The Company operates this facility under an agreement with the Province of Manitoba. The Company is responsible for the operating costs of the golf course and games area and, in return, will realize the revenue generated by their operations. These facilities are situated in the Whiteshell Provincial Park and are not subject to realty taxes.

b) Going Concern Considerations-

These financial statements have been prepared using the assumption that the Company will continue operating as a going concern. As the Company has incurred substantial losses resulting in significant deficit and working capital deficiency, the ability of the Company to continue operating as a going concern is dependent on continued financial support from the Province of Manitoba. Should the Province not continue to provide financial support, the Company may not be able to continue operating as a going concern and the net realizable value of the assets may be substantially less than their carrying values.

c) Accounting Estimates-

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include the allowance for doubtful accounts, loss provisions and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

d) Financial instruments-

Fair value is the amount that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value is an estimate, which is significantly affected by the assumptions and methods used in its determination. Further, estimation of fair value involves the use of subjective judgements and uncertainty. Fair value should not be interpreted as an amount which could be realized in immediate settlement of the instruments. With the exception of long term debt, management has estimated that the fair value of all financial instruments approximate their cost, as there is no active market for the assets and liabilities of the company that are financial instruments. For long-term debt, it is not practicable to estimate fair value as other than historical cost with sufficient reliability to disclose it in these financial statements.

1. **Organization, going concern considerations and significant accounting policies** (cont'd):

e) Inventories-

Inventories are valued at the lower of cost (based on the first-in, first-out method) and net realizable value.

f) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value At the end of each accounting period management considers whether there has been a permanent impairment in the value of capital assets including goodwill, by estimating the net recoverable amount of the unamortized portion. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

The capital assets are recorded at cost less applied grant funds and accumulated depreciation. Amortization is being provided for by the straight-line method over the following estimated useful lives:

Building additions	40 years
Leasehold improvements	5 to 40 years
Furniture and fixtures	10 years
Staff quarters	10 to 25 years
Parking lot	25 years
Computer equipment	3-1/3 years
Vehicles	3-1/3 years
Equipment under capital lease	5-1/2 years

These financial statements do not include the Hecla Golf Course, Falcon Lake Golf Course and Games Area and part of the Gull Harbour Resort and Conference Center which are owned by Province of Manitoba.

g) Non-monetary transactions-

Non-monetary exchanges of services are recorded at the fair market value of the services provided or received.

2. **Capital assets:**

	March 31			
	2000		1999	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building additions	$ 1,897,886	$ 693,963	$ 1,897,886	$ 646,516
Leasehold improvements	1,584,242	427,196	1,562,383	384,049
Furniture and fixtures	1,695,444	1,268,026	1,572,134	1,124,800
Staff quarters	608,702	187,517	414,579	170,873
Parking lot	362,687	58,696	362,687	44,188
Golf Course improvements	738,243	32,264	196,392	13,538
Computer equipment	188,187	161,983	180,336	148,319
Vehicles	875,698	655,374	751,684	537,033
Equipment under capital lease	686,102	257,014	686,102	136,394
	$ 8,637,190	$ 3,742,033	$ 7,624,183	$ 3,205,710
Net book value		$ 4,895,157		$ 4,418,473

3. **Bank loan:**

The bank loan is due on demand, accrues interest at the prime rate and is guaranteed by the Province of Manitoba to a maximum of $5,527,000.

4. **Lease obligations:**

(a) The Company operates the Gull Harbour Resort and Conference Centre, the Hecla Golf Course, and the Falcon Lake Golf Course and Games Area under lease agreements with the Province of Manitoba. Lease payments of $140,367(1999 - $140,803) were made to the Province. At year end, accounts payable include $148,767 (1999 - $80,573) relating to the lease agreement with the Province.

(b) The Company rents space and equipment under various operating leases which expire through 2005. The future minimum lease payments under these operating leases for the remaining lease terms are as follows.

2001	$	161,548
2002		155,619
2003		4,374
2004		2,311
2005		1,156
	$	325,008

5. **Government reporting entity - related parties:**

The following information is presented in accordance with a request by the Minister of Finance of The Government of the Province of Manitoba.

During fiscal 2000 and 1999, the Company transacted with the following three entities in the Government Reporting Entity above the specified level of $100,000. Payments of $139,282 and $134,195 were made to Manitoba Hydro for 2000 and 1999 respectively. Payments of $166,033 and $167,468 were made to the Manitoba Liquor Control Commission in 2000 and 1999 respectively. Lease payments of $140,367 and $140,803 were made to Manitoba Natural Resources in 2000 and 1999 respectively. Revenues included $102,896 and $106,416 from Manitoba Hydro for 2000 and 1999 respectively.

As at March 31, 2000 and 1999, the Company had amounts receivable from and payable to entities in the Government Reporting Entity as follows:

		2000		1999
Receivable from:				
Manitoba Hydro	$	4,659	$	34,852
Department of Natural Resources		302		-
	$	4,961	$	34,852
Payable to:				
Manitoba Hydro	$	890	$	-
Department of Natural Resources		148,767		80,573
Department of Finance - Insurance and risk Management		8,450		7,915
Department of Finance - Provincial Sales Tax		5,957		13,517
	$	164,064	$	102,005

6. **Future minimum lease payments under capital leases:**

The Company has obligations under various capital leases for golf carts, telephone equipment and a photocopier, which expire through 2003.

2001	$ 154,533
2002	154,533
2003	155,622
2004	12,078
	476,766
Amount representing interest	(48,229)
Balance of obligation	$ 428,537

7. **Uncertainty due to the year 2000 issue:**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

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May 26, 2000

Auditors' Report

To the Membership of
Winnipeg Child And Family Services

We have audited the balance sheet of **Winnipeg Child And Family Services** (the Agency) as at March 31, 2000 and the statements of revenue, expenses and fund balance - Operating Fund; revenue, expenses and fund balance - Family Support Innovations Fund; revenue, expenses and fund balance - Other Funds; and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Winnipeg Child and Family Services as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Winnipeg Child And Family Services

Balance Sheet

As at March 31, 2000

	2000 $	1999 $
Assets		
Current		
Cash	-	249,985
Accounts receivable		
Province of Manitoba	5,176,918	4,998,091
Other	199,872	197,140
Pre-paid expenses	54,681	48,483
	5,431,471	5,493,699
Capital assets (note 5)	1,933,145	1,241,284
	7,364,616	6,734,983
Liabilities		
Current		
Bank indebtedness (note 6)	91,614	-
Accounts payable	5,082,858	5,109,846
Current portion of long-term debt (note 7)	168,970	30,025
	5,343,442	5,139,871
Long-term debt (note 7)	146,967	343,450
Deferred grant funding	136,960	275,470
	5,627,369	5,758,791
Fund balances (note 3)	1,737,247	976,192
	7,364,616	6,734,983

Winnipeg Child And Family Services

Statement of Revenue, Expenses and Fund Balance – Operating Fund

For the year ended March 31, 2000

	2000 $	1999 $
Revenue		
Provincial grants and billings	73,307,986	67,642,094
Federal grant	-	82,675
Children's Foundation	101,807	50,677
Manitoba Community Services Council	-	25,000
West Broadway Neighbourhood Resource Centre	20,343	-
Other income	803,993	924,679
	74,234,129	68,725,125
Expenses		
Foster care and special rate care	42,372,181	38,968,003
Salaries and benefits	24,751,356	23,145,089
Office operations	1,307,993	1,188,817
Rent and maintenance	1,442,653	1,470,244
Travel	917,415	885,536
Professional fees	810,222	883,016
Other program expenses	1,507,438	1,679,906
	73,109,258	68,220,611
Excess of revenue over expenses	1,124,871	504,514
Operating Fund balance – Beginning of year	-	-
Interfund transfers		
Transfer (to) from Family Support Innovations Fund (note 4)	73,920	(13,686)
Transfer to Capital Fund for loan payments and assets purchases (note 4)	(1,198,791)	(490,828)
	(1,124,871)	(504,514)
Operating Fund balance – End of year	-	-

Winnipeg Child And Family Services

Statement of Revenue, Expenses and Fund Balance - Family Support Innovations Fund

For the year ended March 31, 2000

	2000 $	1999 $
Revenue		
Provincial grant	910,600	1,012,600
Expenses		
Salaries and benefits	774,824	861,661
Travel	21,763	20,871
Office operations	2,934	410
Payments to Family Centre of Winnipeg	34,000	136,000
Other program expenses	3,269	5,440
Information System Development	-	10,354
Research and consultation	-	5,750
Training costs	-	1,511
	836,790	1,041,997
Excess (deficiency) of revenue over expenses	73,810	(29,397)
Fund balance – Beginning of year	110	15,821
Transfer (to) from Operating Fund (note 4)	(73,920)	13,686
Fund balance – End of year	-	110

Winnipeg Child And Family Services

Statement of Revenue, Expenses and Fund Balance - Other Funds

For the year ended March 31, 2000

		Restricted Fund
	Capital Fund $	Trust Fund $
Revenue		
Donations	-	219,429
Expenses		
Amortization of capital assets	449,392	-
Program expenses	-	207,663
	449,392	207,663
Excess (deficiency) of revenue over expenses	(449,392)	11,766
Balance of funds – Beginning of year	867,809	108,273
Transfer from Operating Fund for loan payments and assets purchases (note 4)	1,198,791	-
Balance of funds –End of year	1,617,208	120,039

Winnipeg Child And Family Services

Statement of Cash Flows

For the year ended March 31, 2000

	2000 $	1999 $
Cash flows from operating activities		
Cash received from the Province	74,039,759	64,699,142
Cash received from other sources	1,142,840	1,306.448
Cash payments to foster parents, collaterals, employees and suppliers	(74,325,407)	(68,941,018)
	857,192	(2,935,428)
Cash flows from financing activities		
Repayment of long-term debt	(57,538)	(1,209,547)
Cash flows from investing activities		
Purchase of capital assets	(1,141,253)	(284,081)
Decrease in cash	(341,599)	(4,429,056)
Cash – Beginning of year	249,985	4,679,041
Cash (bank indebtedness) – End of year	(91,614)	249,985
Cash is comprised of the following		
Cash	-	249,985
Bank indebtedness	(91,614)	-
	(91,614)	249,985

1 Purpose of the organization

Winnipeg Child and Family Services (the Agency) is an agency entrusted under the Child and Family Services Act to provide services that help families, services that protect children at risk of abuse and neglect, services to children in care, and adoption services.

2 Significant accounting policies

The Agency follows the accounting policies required by the Department of Family Services, Province of Manitoba.

Basis of accounting

The Agency receives the majority of its revenue from grant funding and per diem payments from the Manitoba Department of Family Services. The ongoing operations of the Agency are dependent on continued financial support at adequate levels from the Manitoba Government. These financial statements are prepared on the basis that this support will continue and that the Agency will be able to realize its assets and discharge its liabilities in the ordinary course of business.

Capital assets

Capital expenditures funded by the Operating Fund are recorded as a transfer in the Operating Fund in the year of acquisition and recorded at cost in the Capital Fund.

Amortization of capital assets

The cost of capital assets is amortized at the following rates:

i) Houses and office buildings - amortized over 25 years or the term of the mortgage, whichever is shorter
ii) Furniture, leaseholds and equipment - amortized over 5 years on a straight-line basis
iii) Computer equipment and software - amortized over 5 years on a straight-line basis

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund and other general funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Vacation pay

Vacation pay entitlements are recorded as a component of salary costs in the year the vacation entitlement is taken by the employee. Vacation pay entitlements at March 31, 2000 of $2,506,335 (1999 - $2,503,335) have not been accrued in these financial statements.

Pension costs

The Agency is a member of the United Way and Participating Affiliated Agencies Employees' Retirement Plan, a multi-employer defined benefit plan. Pension costs are recorded in the financial statements equal to the required annual contributions determined by the Plan's Board of Trustees, based on periodic actuarial valuations. The last actuarial valuation, completed at December 31, 1999, indicated a surplus in the Plan.

3 Fund balances

The Agency follows the restricted fund method of accounting for contributions. The Agency maintains the following funds:

Operating Fund

Funds designated for the delivery of social services to children and families.

Family Support Innovations Fund

Restricted funds designated to cover the cost of service initiatives which resulted in reductions in Agency days care, expenditures and children in care through family focused services as well as adoption and long-term fostering.

Capital Fund

Funds designated for capital expenditures.

Trust Fund

Restricted funds designated for special purposes.

	2000 $	1999 $
Invested in capital assets	1,617,208	867,809
Externally restricted		
Trust Funds	120,039	108,273
Family Support Innovations Fund	-	110
	120,039	108,383
	1,737,247	976,192

4 Interfund transfers and balances

During the year, $73,920 (1999- ($13,686)) was transferred (to) from the Family Support Innovations Fund to the Operating Fund in order to fund program expenses. In addition, $1,198,791 (1999 - $490,828) was transferred from the Operating Fund to the Capital Fund in order to fund cash outlays for capital asset acquisitions and debt service.

Interfund balances have no fixed terms of repayment and do not bear interest.

5 Capital assets

	2000		1999	
	Cost $	Accumulated amortization $	Cost $	Accumulated amortization $
Houses and office buildings	1,643,245	513,527	1,052,893	416,565
Furniture, leaseholds and equipment	1,563,156	1,228,654	1,305,472	1,128,097
Computer equipment and software	1,471,565	1,002,640	1,178,347	750,766
	4,677,966	2,744,821	3,536,712	2,295,428
Net book value	1,933,145		1,241,284	

6 Bank indebtedness

The Agency has an operating line with its banker for up to $3,000,000. Interest is payable monthly at the bank prime rate. The operating line is secured by a general assignment of book debts, a borrowing resolution and confirmation of funding from the Province of Manitoba.

7 Long-term debt

	2000 $	1999 $
408 Atlantic Avenue 10% mortgage, payable $811 monthly including principal and interest, due June 1, 2004, secured by a first mortgage on land and building	53,023	56,960
544 Aberdeen Avenue 10% mortgage, payable $688 monthly including principal and interest, due June 1, 2004, secured by a first mortgage on land and building	56,875	59,197
665 Atlantic Avenue 10% mortgage, payable $858 monthly including principal and interest, due June 1, 2004, secured by a first mortgage on land and building	48,175	53,022
487/489 Cathedral Avenue 7.8% mortgage, payable $727 monthly including principal and interest, due March 1, 2001, secured by a first mortgage on land and buildings	29,253	41,060
36 Alloway Avenue 8.7% mortgage, payable $457 monthly including principal and interest, due December 1, 2000, secured by a first mortgage on land and buildings	41,424	48,444
Carried forward	228,750	258,683

	2000 $	1999 $
Brought forward	228,750	258,683
141 Canora Street 8.5% mortgage, payable $533 monthly including principal and interest, due September 1, 2000, secured by a first mortgage on land and building	48,558	56,922
486 Dominion Street 7.8% mortgage, payable $539 monthly including principal and interest, due March 1, 2001, secured by a first mortgage on land and building	35,958	44,816
311 Inkster Blvd. 8.5% mortgage, payable $665 monthly including principal and interest, due June 1, 2001, secured by a first mortgage on land and building	2,671	13,054
	315,937	373,475
Less: Principal payment due within one year	168,970	30,025
	146,967	343,450

The fair value of the mortgages, demand loan, and variable rate commercial loan are not materially different from their carrying values.

Principal payments due within the next five years are approximately as follows:

	$
Year ending March 31, 2001	168,970
2002	11,106
2003	11,106
2004	124,755
2005	-

8 Lease commitments

The Agency leases properties under long-term operating leases which expire at various dates to 2005. There are options to renew certain of these leases. The future minimum lease payments under these operating leases for the next five years are as follows:

	$
Year ending March 31, 2001	1,059,753
2002	474,488
2003	327,827
2004	317,690
2005	225,022

9 Contingencies

There are various legal claims against the Agency which, in the opinion of management, will be resolved with no material adverse effect on the Agency.

10 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

11 Comparative amounts

Certain of the prior year figures have been restated to reflect the current financial statement presentation.

GOVERNMENT ENTERPRISES

Chapman
& Verwey
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Provincial Auditor

We have audited the balance sheet of Leaf Rapids Town Properties Ltd. as at March 31, 2000 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Chapman & Verwey

Chartered Accountants

Portage la Prairie, Manitoba

September 6, 2000

LEAF RAPIDS TOWN PROPERTIES LTD.

Balance Sheet

March 31, 2000, with comparative figures for 1999

	2000	1999
Assets		
Current assets:		
Cash and short-term deposits	$ 1,482,495	$ 1,461,531
Accounts receivable	45,836	50,063
Prepaid expenses and supplies	54,055	29,242
	1,582,386	1,540,836
Developed lots held for resale (note 2(c))	1	1
Capital assets (note 3)	296,286	1,445,494
	$ 1,878,673	$ 2,986,331
Liabilities and Shareholder's Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 163,601	$ 133,949
Deferred revenue	34,831	19,882
GST payable	4,736	–
	203,168	153,831
Long-term debt (note 5)	1,498,577	1,498,577
	1,701,745	1,652,408
Shareholder's equity:		
Capital stock (note 4)	2,621,100	2,621,100
Deficit	(2,444,172)	(1,287,177)
	176,928	1,333,923
Contingency (note 11)		
	$ 1,878,673	$ 2,986,331

See accompanying notes to financial statements.

On behalf of the board:

Director

Director

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Operations and Deficit

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Revenue:		
Rental income	$ 272,201	$ 286,201
Cost recoveries	500,133	592,495
	772,334	878,696
Expenses:		
Amortization	66,389	56,434
Bad debts	52,097	922
Insurance	25,201	27,286
Janitorial	60,388	53,161
License fee	–	8,195
Professional fees	7,293	27,746
Property taxes	73,456	99,850
Rentals	14,157	21,400
Repairs and maintenance	90,741	119,173
Salary and benefits	138,516	180,263
Snow removal	7,419	3,500
Sundry	5,848	5,813
Supplies and office expenses	24,499	36,031
Telephone	5,862	5,790
Utilities	92,269	94,014
Vehicle and travel	12,076	22,238
Administration fees and expenses	47,923	43,655
	724,134	805,471
Income from operations	48,200	73,225
Other (expense) revenue:		
Corporate capital tax	(8,193)	(8,193)
Interest (expense) revenue, net (note 6)	(11,499)	31,738
Consulting fees	(938)	(8,107)
Other	3,845	(10,783)
	(16,785)	4,655
Income before write down of capital assets	31,415	77,880
Write down of capital assets to net realizable value (note 10)	(1,188,410)	–
Net (loss) income	(1,156,995)	77,880
Deficit, beginning of year	(1,287,177)	(1,365,057)
Deficit, end of year	$(2,444,172)	$(1,287,177)

See accompanying notes to financial statements.

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Cash Flows

Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operating activities:		
Net (loss) income for the year	$(1,156,995)	$ 77,880
Items not involving cash:		
Write-down of capital assets to net realizable value (note 10)	1,188,410	–
Amortization	66,389	56,434
	97,804	134,314
Net change in non-cash operating working capital:		
Accounts receivable	4,227	(6,897)
Prepaid expenses and supplies	(24,813)	82,266
Accounts payable	44,601	(203,280)
GST payable	4,736	–
	28,751	(127,911)
	126,555	6,403
Investing activities:		
Additions to capital assets	(105,591)	(19,665)
Proceeds on disposal of land and building	–	200,000
	(105,591)	180,335
Increase in cash and short term deposits	20,964	186,738
Cash and short-term deposits, beginning of year	1,461,531	1,274,793
Cash and short-term deposits, end of year	$ 1,482,495	$ 1,461,531

Additional information:

Interest paid	$ 22,866	$ 111,448

See accompanying notes to financial statements.

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements

Year ended March 31, 2000

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1. Nature of operations:

Leaf Rapids Town Properties Ltd. was incorporated in 1971 under The Manitoba Companies Act. It was charged with the responsibility for the planning, design and development of the community of Leaf Rapids.

Since the completion of the development, the Corporation has managed, leased and operated its physical assets and properties in Leaf Rapids. On February 13, 1992, the Corporation assumed management responsibility for the Whitewater Inn and continued operating it until it was sold March 31, 1998.

2. Significant accounting policies:

The Corporation's financial statements have been prepared using generally accepted accounting principles. The significant accounting policies are as follows:

(a) Management estimates:

The preparation of financial statements in accordance with general accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization and write downs. Certain capital assets were written down to their net realizable value in 2000 as explained in note 10.

Amortization is provided on a straight-line basis over the estimated remaining useful lives of the assets. Current year's amortization was calculated using the previous estimate of the useful lives of the assets. At year end, management revised their estimate of the useful lives of the assets to reflect current information (note 8). The estimated useful lives of the assets used in determining amortization for the current year and the estimates to be used in future years are as follows:

	Current	Future
Town Centre Building – retail and common areas	40 years	4 years
Commercial Building	5 years	4 years
Equipment	3-10 years	3-10 years

(c) Developed lots:

Developed lots held for resale have been written down by $225,645 to a nominal value of $1. Property taxes and any other related costs are charged to operations.

3. Capital assets:

	Cost	Accumulated Write Down	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Commercial Properties:					
Land	$ 478,765	$ 336,658	$ –	$ 142,107	$ 478,765
Building	1,505,755	497,799	1,001,257	6,699	522,133
Equipment	14,246	–	6,540	7,706	–
Non-Commercial Properties:					
Land	414,692	414,692	–	–	–
Building	4,701,479	–	4,701,479	–	–
Other Property:					
Land	82,301	32,301	–	50,000	82,301
Building	857,752	321,652	536,100	–	343,096
Equipment	173,896	–	84,122	89,774	19,199
	$ 8,228,886	$ 1,603,102	$ 6,329,498	$ 296,286	$1,445,494

4. Capital stock:

	2000	1999
Authorized:		
40,000 common shares, not to exceed $40,000		
26,210 8.15% non-cumulative redeemable preferred voting shares, not to exceed $2,621,000, with a redemption price of $100 per share		
Issued and fully paid:		
100 common shares	$ 100	$ 100
26,210 preferred shares	2,621,000	2,621,000
	$ 2,621,100	$ 2,621,100

Ownership: All issued shares are held by the Minister of Finance, Government of the Province of Manitoba.

5. Long-term debt:

Long-term debt payable to the Province of Manitoba consists of $1,498,577 in 10% income debentures, secured by a floating charge on all assets of the corporation. Annual installments against this debt are determined based on one-half of the prior year's cash flow from operations. Cash flow is defined as net income from operations, plus amortization expense, less the installment amount paid in the year.

Interest expense is recorded as an accrual each year end, based on the required annual installment that becomes due and payable subsequent to each fiscal period. If the required annual installment exceeds 10% of the outstanding long-term debt, the amount in excess of 10% is applied against the outstanding principal and the remainder is recorded as interest expense. If the required annual installment is less than 10% of the outstanding long-term debt, the full amount of the installment is recorded as interest expense. The difference between that recorded interest expense and 10% of the debt is not recorded and is non-cumulative. For the year ended March 31, 2000, the accrued interest expense amounted to $74,939 and the non-cumulative interest portion of the installment payment amounted to $74,919.

6. Interest (expense) revenue – net:

	2000	1999
Interest revenue	$ 63,440	$ 54,604
Interest expense	(74,939)	(22,866)
	$ (11,499)	$ 31,738

7. Related party transactions:

As stated in note 4, all issued shares of the Corporation are held by the Minister of Finance, Government of the Province of Manitoba. In addition to the issued shares held, the long-term debt described in note 5 and the interest income and expense described in note 6, the Corporation has the following balances with the Government of the Province of Manitoba and its agencies reflected in these financial statements as at March 31, 2000. These transactions and balances are in the normal course of operations and are measured at the exchange amount agreed to by the related parties.

	2000	1999
Short-term deposits	$ 1,345,997	$ 1,284,402
Accounts receivable	9,643	7,721
Accounts payable	89,511	33,458

8. Economic dependence:

The ongoing viability of the Corporation depends on the ongoing successful operation of the Ruttan Mine or an appropriate alternative. Based on current information, existing ore reserves are expected to continue for another four years. The future of the mine beyond four years remains uncertain. Management has written down certain capital assets (note 10) to reflect this uncertainty and as indicated in note 2(b) is amortizing buildings over four years.

9. Financial instruments:

a) Credit risk:

The Corporation is exposed to credit risk on the accounts receivable from its customers. An allowance for doubtful accounts has been established by the Corporation, based upon factors surrounding the credit risk of specific customers, historical trends and other information.

b) Fair value:

Due to the short-term nature of all financial instruments other than long-term debt, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so, any difference would be accounted for in the period in which it becomes known. For long-term debt, it is not practical within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

10. Write down of capital assets to net realizable value:

During this year, the Corporation determined the net realizable value of the Town Centre land to be $100,000, the equivalent of the maximum price it would receive should it sell the land. Accordingly, the Town Centre land was written down by $123,996. The industrial park land, the mobile home park land, the Town Centre buildings and the commercial buildings have been written down to estimated future cash flows from operations. The cost of these assets has been written down by $1,064,414.

11. Contingency:

The Year 2000 Issue arises because many computerized systems use two digits rather than four digits to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties have been fully resolved.

12. Comparative figures:

Certain 1999 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 2000.

AUDITORS' REPORT

To the Board of Commissioners

The Liquor Control Commission

We have audited the balance sheet of The Liquor Control Commission (an agency of the Government of the Province of Manitoba) as at March 31, 2000 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of The Liquor Control Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Liquor Control Commission as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP

Grant Thornton
Chartered Accountants

Winnipeg, Canada
May 10, 2000

The Liquor Control Commission

Statement of Income

(In Thousands)

Year Ended March 31

	2000	1999
Sales	$393,535	$379,929
Cost of Sales	205,324	197,617
Gross profit	188,211	182,312
Other income (Note 5)	5,452	5,299
	193,663	187,611
General and administrative expenses (Note 6)	36,398	35,238
Operating profit before depreciation	157,265	152,373
Depreciation (Notes 2 & 7)	961	663
Net profit paid or payable to the Province of Manitoba	$156,304	$151,710

See accompanying notes to the financial statements.

The Liquor Control Commission

Balance Sheet

(In Thousands)
March 31

	2000	1999
Assets		
Current		
Cash on hand and in banks	$ 7,307	$ 2,813
Accounts receivable - Province of Manitoba	1,375	1,375
Accounts receivable - claims and other	929	1,000
Inventory (Note 4)	15,794	13,980
Prepaid expenses and supplies	[illegible]	702
	[illegible]	19,870
Fixed assets (Note 7)	[illegible]	3,879
Long term commitments - Province of Manitoba	[illegible]	38,257
	[illegible]	$ 62,006
Liabilities		
Current		
Accounts payable - trade and other	$ 10,371	$ 11,824
Goods and services tax payable	[illegible]	882
Manitoba retail sales tax payable	837	795
Net profit payable to the Province of Manitoba	13,504	5,010
Environmental protection tax payable	107	110
Deferred licence fees	521	521
	26,279	19,142
Long term		
Provision for employee pension benefits	36,797	35,093
Provision for retirement allowances	3,325	3,271
Non-interest bearing working capital advance provided by the Province of Manitoba	4,500	4,500
	$ 70,901	$ 62,006

Approved on behalf of the Commission:

CHAIR

PRESIDENT,
CHIEF EXECUTIVE OFFICER

VICE-PRESIDENT
FINANCE & LICENSING

See accompanying notes to the financial statements.

The Liquor Control Commission

Statement of Cash Flows

(In Thousands)

Year Ended March 31

	2000	1999
Increase (decrease) in cash on hand and in banks		
Operating Activities:		
Cash receipts:		
Sales - spirits, wine, coolers/ciders and beer	$393,535	$379,929
Annual and supplementary licence fees & other	3,647	523
Goods and services tax	27,722	26,718
Manitoba retail sales tax	11,599	11,126
Environmental protection tax	1,529	1,469
	438,032	419,765
Cash disbursements:		
Purchases - merchandise, federal duty, excise and sales taxes, etc.	207,637	198,393
General and administrative expenses	35,337	29,839
Goods and services tax	27,665	26,719
Manitoba retail sales tax	11,557	11,041
Environmental protection tax	1,532	1,459
	283,728	267,451
Net cash available from operating activities	154,304	152,314
Investing Activities:		
Acquisition of fixed assets	(2,013)	(2,750)
Increase in holdbacks payable	13	1
Net cash used for investing activities	(2,000)	(2,749)
Net cash available for transfer	152,304	149,565
Transfers to Province of Manitoba:		
Current year's net profit	142,800	146,700
Prior year's net profit	5,010	2,932
	147,810	149,632
Increase (decrease) in cash	4,494	(67)
Cash on hand and in banks, beginning of the year	2,813	2,880
Cash on hand and in banks, end of year	$ 7,307	$ 2,813

See accompanying notes to the financial statements.

The Liquor Control Commission

Schedule of Sales, Cost of Sales and Gross Profit

(In Thousands)

Year Ended March 31, 2000

	Spirits	Wine	Coolers/ Ciders	Beer	Total
Sales					
Stores	$101,074	$ 39,994	$ 5,411	$ 18,563	$165,042
Liquor vendors	28,274	4,683	1,558	2,723	37,238
Licensees	22,419	3,421	1,453	153,687	180,980
Specialty wine stores	-	9,966	309	-	10,275
Total sales for 2000	**$151,767**	**$ 58,064**	**$ 8,731**	**$174,973**	**$393,535**
Total sales for 1999	$147,998	$ 52,092	$ 8,329	$171,510	$379,929
Cost of Sales					
Total cost of sales for 2000	**$ 60,515**	**$ 27,300**	**$ 4,631**	**$112,878**	**$205,324**
Total cost of sales for 1999	$ 58,101	$ 24,252	$ 4,421	$110,843	$197,617
Gross profit for 2000	**$ 91,252**	**$ 30,764**	**$ 4,100**	**$ 62,095**	**$188,211**
Gross profit for 1999	$ 89,897	$ 27,840	$ 3,908	$ 60,667	$182,312
Gross profit as a percentage of sales for 2000	**60.1%**	**53.0%**	**47.0%**	**35.5%**	**47.8%**
Gross profit as a percentage of sales for 1999	60.7%	53.4%	46.9%	35.4%	48.0%

The Liquor Control Commission

Notes to the Financial Statements

(In Thousands)
March 31, 2000

1. NATURE OF ORGANIZATION

The Liquor Control Commission was formed in 1923 as an agency of the Government of Manitoba under the Government *Liquor Control Act*. The Commission's mandate is to purchase, sell and regulate alcoholic beverages; to determine locations for retail liquor outlets; to licence and regulate facilities used by the consuming public; to provide revenue to the Province from the activities of the Commission; and to do all such things necessary to effect the provisions of *The Liquor Control Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Inventories of goods for resale are valued at cost.

b. Depreciation is provided on the declining balance basis at the following annual rates:

Automobiles	30%
Equipment & furnishings	20%
Paving	8%
Systems development	30%

Leasehold improvements are depreciated on a straight line basis over the remaining term of the lease or a minimum of five years.

c. Pension costs

Pension costs included in salaries, benefits and pension costs consist of the employer's share of pension benefits paid to retired employees, as well as the increase in unfunded pension liabilities during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years being determined by formula provided by the actuary. The most recent valuation was completed as at December 1998.

Based on the December 31, 1998 actuarial report, the Commission reassessed the accrual required for its unfunded pension. As a result of changes in the estimates as to the interest rate credited to obligations, and the rate of employer costs as a percentage of employee contributions, for the year ended March 31, 2000 a reduction in the provision for employee pension benefits, the related funding commitment from the Province of Manitoba, and a recovery of pension costs and revenue of $4,714 have resulted. This change has no effect on net earnings for the year.

d. Other income

Other income includes funding from the Province of Manitoba for the Commission's share of provisions provided for unfunded pension liabilities.

e. The Commission's financial instruments consist of cash, accounts receivable, amounts due to a related party and accounts payable. It is management's opinion that the Commission is not exposed to interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. CHANGE IN METHOD OF ACCOUNTING FOR PENSION LIABILITY AND EXPENSES

Effective April 1, 1999, the Commission changed to the accrual method of accounting for its unfunded pension liability. In prior years, the expense was charged to the earnings when incurred.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly, the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

The March 31, 1999 figures have been restated to provide comparative information for the provision for the employee pension benefits, the corresponding receivable from the Province of Manitoba and pension costs.

4. INVENTORY

	2000	1999
In bond merchandise	$ 8,766	$ 7,157
Duty paid merchandise	7,028	6,823
	$15,794	$13,980

The amount of unpaid and unrecorded Customs and Excise duties on owned merchandise held in bond is approximately $2,700 at March 31, 2000 (1999 - $2,500).

5. OTHER INCOME

	2000	1999
Long-term funding commitments - Province of Manitoba	$ 1,704	$ 1,701
Occasional permits additional fees	879	866
Miscellaneous	872	814
Supplementary licence fees	739	704
Annual licence fees and licence application fees	589	585
Occasional permits	305	301
Administration charges	254	220
Border point fees	72	62
Specialty wine store fees	38	46
	$ 5,452	$ 5,299

6. GENERAL AND ADMINISTRATIVE EXPENSES

	2000	1999
Salaries, benefits, and pension costs	$23,019	$22,513
Leased premises - rentals (Note 8)	3,702	3,683
Advertising and promotions	1,133	810
Delivery charges	1,065	1,042
Utilities	977	958
Maintenance and repairs	945	1,136
Community support	755	689
Printing, postage and supplies	683	645
Bank charges	637	555
Equipment rentals (Note 8)	491	411
Grants in lieu of taxes	488	456
Health and post-secondary education tax levy	382	389
Informational programs	379	305
Professional fees	331	320
Miscellaneous	300	264
Protective services	272	251
Staff training	253	288
Travelling	165	161
Product analysis	165	133
Vehicle expenses	149	140
Crown Corporations Council levy	107	89
	$36,398	$35,238

DEPRECIATION/FIXED ASSETS

			2000	1999
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Leasehold improvements	$2,321	$ 328	$1,993	$1,008
Equipment and furnishings	2,352	691	1,661	1,565
Systems development	1,753	772	981	1,006
Automobiles	358	130	228	181
Paving	146	37	109	119
	$6,930	$1,958	$4,972	$3,879

8. LONG-TERM LEASES

a. The Commission leases its head office and 10 other buildings from the Government of the Province of Manitoba for the nominal sum of two dollars effective August 1, 1985 for a period of 99 years.

b. The Commission leases another 37 buildings. Leases have expiry dates ranging from 2000 to 2010.

The future minimum lease payments for each of the next five years and thereafter are as follows:

2001	$2,471
2002	2,100
2003	1,903
2004	1,711
2005	1,475
Thereafter	4,518

c. The Commission leases computer equipment. Leases on this computer equipment expire in 2003.

The future minimum lease payments for each of the years to the expiry of the lease contracts are as follows:

2001	$ 347
2002	232
2003	87

9. CONTINGENT LIABILITY

Legal action has been taken against the Commission by DFS Ventures contesting the Commission's right to collect markup on any liquor sold to DFS Ventures. The outcome of this action and the amounts involved are not determinable.

10. COMPARATIVE FIGURES

Prior year's comparative figures have been restated, where necessary, to conform with the presentation adopted for the fiscal year ended March 31, 2000.

Management's Responsibility for Financial Reporting

The accompanying financial statements, and other financial information in the Annual Report are the responsibility of management and have been approved by the Board of Directors. The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles and include, where appropriate, amounts based on management's best estimate and judgements. Any financial information contained in the Annual Report conforms to these financial statements.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance of the reliability and accuracy of the financial information and that assets are properly safguarded from loss. The external auditors have performed an independent examination of the financial statements of the Corporation in accordance with generally accepted auditing standards.

R. Gallant
Chairman and Chief Executive Officer
July 07, 2000

R. Barnabé
Manager, Finance and Administration
July 07, 2000

Auditors' Report

To the Board of Directors
Manitoba Hazardous Waste Management Corporation

We have audited the balance sheet of Manitoba Hazardous Waste Management Corporation as at March 31, 2000 and the statements of operations and retained earnings (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all materials respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants
Winnipeg, Manitoba
July 7, 2000

Manitoba Hazardous Waste Management Corporation

Balance Sheet

As at March 31, 2000 (with 1999 comparative figures)

	2000	1999
ASSETS		
Current		
Cash	$ 233,220	$ 342,633
Long term investment- Miller Environmental Corporation (note 2c)	3,000,000	3,000,000
Capital assets—land at cost	170,305	170,305
Deferred development costs (note 3)	$ 3,782,205	4,022,345
TOTAL ASSETS	7,185,730	7,535,283
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 11,352	$ 38,426
EQUITY		
Share Capital		
Authorized 350,000 shares for a maximum consideration of $35,000,000		
Issued and fully paid—75,000 shares	$ 7,500,000	$ 7,500,000
Retained earnings (Deficit)	(325,622)	(3,143)
Total equity	7,174,378	7,496,857
TOTAL LIABILITIES AND EQUITY	$ 7,185,730	$ 7,535,283

Signed on behalf of the Board

R. Gallant, *Chairman and Chief Executive Officer*

The accompaning notes are an integral part of these financial statements.

Statement of Operations and Retained Earning (Deficit)

For the year ended March 31, 2000

	2000	1999
EXPENSES		
Amortization of deferred development costs	240,140	240,140
General and administrative expenses	82,339	77,084
Total Expenses	322,479	317,224
NET LOSS FOR THE YEAR	(322,479)	(317,224)
RETAINED EARNINGS, (DEFICIT) BEGINNING OF YEAR	(3,143)	314,081
RETAINED EARNINGS (DEFICIT). END OF YEAR	$ (325,622)	$ (3,143)

Manitoba Hazardous Waste Management Corporation

Statement of Cash Flows

For the year ended March 31, 2000 (with 1999 comparative figures)

	2000	1999
Cash Provided by (used for)		
OPERATING ACTIVITIES		
Net loss for the year	$ (322,479)	$ (317,224)
Non-cash items		
Amortization of deferred development costs	240,140	240,140
Changes in non-cash working capital		
Accounts payable and accrued liabilities	(27,074)	8,121
Cash used for operating activities	(109,413)	(68,963)
DECREASE IN CASH	(109,413)	(68,963)
CASH, BEGINNING OF YEAR	342,633	411,596
CASH, END OF YEAR	$ 233,220	342,633

Notes to the Financial Statement

March 31, 2000

1. NATURE OF OPERATIONS

The Manitoba Hazardous Waste Management Corporation was established under the Manitoba Hazardous Waste Management Corporation Act. The Corporation, as an agent of the Government of the Province of Manitoba, is responsible to establish, operate, and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba. This system must be operated and maintained in a manner that will protect the health and safety of the public and preserve the environment. Effective January 1, 1996, the Corporation entered into various agreements with Miller Waste Systems, a division of Miller Paving Limited and Miller Environmental Corporation (Miller) for the continued operation of the hazardous waste management system in Manitoba.

These agreements provide for the transfer of certain assets and liabilities to Miller in exchange for 50% of the common shares and all the Class A special preferred shares of Miller. Under the agreements, the Corporation retains title to its land holdings which are being leased to Miller for an indefinite term, contingent on Miller's continued existence and operation of the hazardous waste management system.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Reporting**
The financial statements have been prepared in accordance with generally accepted accounting principles.

b) **Deferred Development Costs and Amortization**
Deferred development costs are recorded at cost. These costs are being amortized on a straight line basis over 20 years.

c) **Long Term Investment, Shares**
The investment in Miller Environmental Corporation is recorded at cost.

d) **Rental Income**
According to the terms of the site lease with Miller, rental income is based on a percentage of Miller's gross profits.

3. DEFERRED DEVELOPMENT COSTS, at amortized cost

	2000	1999
Balance, beginning of year	$ 4,022,345	$ 4,262,485
Amortization	240,140	240,140
Balance end of year	$ 3,782,205	$ 4,022,345

Notes to the Financial Statement

March 31, 2000

4. RENTAL INCOME

No rental income was earned in the current year, as Miller had no gross profits.

5. ECONOMIC DEPENDENCE

The Corporation is economically dependent on Miller Environmental Corporation. The Corporation's main future sources of revenue are site lease rental revenue and dividend income from its affiliate.

6. PUBLIC SECTOR COMPENSATION

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totaled $8,376. No employee's compensation exceeded $50,000 per year.

7. CONTINGENCY LIABILITIES

Under the terms of the agreements with Miller Environmental Corporation, MHWMC would be responsible for any claims prior to January 1, 1996 not disclosed during the due diligence process. Any future removal and site restoration costs would be the responsibility of Miller and the Province of Manitoba. An estimate of these costs cannot be determined and therefore no provision has been made in the financial statements for any such costs.

10. UNCERTAINTY DUE TO YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information-using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the company, including those related to the customers, suppliers, or other third parties, have been fully resolved.

11. COMPARATIVE INFORMATION

The 1999 figures were reported on by another auditor.

Auditors' report

To The Manitoba Hydro-Electric Board

We have audited the consolidated balance sheet of The Manitoba Hydro-Electric Board as at March 31, 2000 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Winnipeg, Canada
June 2, 2000

Consolidated Balance Sheet

As at March 31 (millions of dollars)	2000 (Note 18)	1999
Assets		
Capital Assets (Note 6)		
In service	$ 8 438	$ 7 815
Less accumulated depreciation	2 391	2 217
	6 047	5 598
Construction in progress	188	176
	6 235	5 774
Current Assets		
Bank balances and temporary investments (Note 12)	15	57
Accounts receivable, accrued revenue and other assets	232	165
Interest receivable	20	14
Materials and supplies, at average cost	77	63
	344	299
Other Assets		
Sinking fund investments (Note 7)	1 282	1 111
Pension assets (Note 8)	425	369
Deferred debt costs (Note 9)	121	130
Other deferred assets (Note 10)	285	183
	2 113	1 793
	$ 8 692	$ 7 866

Approved on behalf of the Board:

Curtis

Victor H. Schroeder, Q.C.
Chairman of the Board

Charles E. Curtis,
Chairman of the Audit Committee

(millions of dollars)	2000 (Note 18)	1999
Liabilities and Retained Earnings		
Long-Term Debt (Note 11)		
Long-term debt net of sinking fund	$ 5 329	$ 4 772
Sinking fund	1 282	1 111
	6 611	5 883
Current Liabilities		
Accounts payable and accrued liabilities	160	106
Notes payable	–	241
Accrued interest	106	100
Current portion of long-term debt	159	–
	425	447
Other Liabilities		
Deferred liabilities and credits (Note 13)	205	234
Pension liability (Note 8)	358	369
	563	603
Contributions in Aid of Construction	275	267
Retained Earnings	818	666
	$ 8 692	$ 7 866

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Income and Retained Earnings

For the year ended March 31 (millions of dollars)	2000 (Note 18)	1999
Revenues		
Electric - Manitoba	$ 747	$ 756
- Extraprovincial (Note 3)	376	326
Gas	269	–
	1 392	1 082
Expenses		
Operating and administrative	268	223
Depreciation	227	198
Water rentals (Note 4)	51	51
Fuel and power purchased	33	59
Capital and other taxes	58	38
Cost of gas sold	182	–
	819	569
Income before finance expense	573	513
Finance expense (Note 5)	421	413
Net Income	152	100
Retained Earnings, Beginning of Year	666	566
Retained Earnings, End of Year	$ 818	$ 666

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended March 31 (millions of dollars)	2000 (Note 18)	1999
Cash Provided From (Used For) Operations		
Cash receipts from customers	$ 1 352	$ 1 079
Cash paid to suppliers and employees	(567)	(328)
Interest paid	(490)	(471)
Interest received	79	86
	374	366
Cash Provided From (Used For) Financing		
Proceeds from long-term debt	943	315
Retirement of long-term debt	(218)	(35)
Mitigation liability	(48)	(19)
Notes payable	(237)	(197)
	440	64
Cash Used For Investment		
Additions to capital assets, net of contributions	330	332
Acquisition of subsidiaries	242	–
Taxes paid on acquisition of subsidiaries	58	–
Sinking fund payment	178	130
Pension assets	7	29
Deferred assets	41	16
	856	507
Decrease In Cash	42	77
Cash At Beginning Of Year	57	134
Cash At End Of Year (Note 12)	$ 15	$ 57

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended March 31, 2000

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

a) CAPITAL ASSETS

Property, plant and equipment are stated at cost which consists of contracted services, direct labour, material and expense, a proportionate share of overhead costs and interest applied at the effective rates incurred in financing construction. Finance expense is allocated to construction until a capital project becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. Once the transfer to in service is made, finance expense allocated to construction ceases and depreciation and finance expense charged to operations commences.

b) DEPRECIATION

Depreciation is provided on a straight-line remaining life basis. The major components of generating stations are depreciated over the lesser of the remaining life of the major component or the remaining life of the associated generating station.

The range of the estimated service lives of components within each major asset category is as follows:

Hydroelectric generation	40 - 100 years
Thermal electric generation	35 - 45 years
Transmission lines and stations	20 - 80 years
Distribution lines (Electrical and Gas)	10 - 60 years

Provision for removal costs of major property, plant and equipment is charged to depreciation expense on a straight-line basis over the remaining service lives of the related assets. In accordance with utility accounting practices, retirements of these assets are charged to accumulated depreciation with no gains or losses reflected in operations. The estimated service lives of the assets and the estimate of their removal costs are based upon depreciation studies conducted periodically by the Corporation. A provision for estimated future costs of removal and site restoration costs related to the decommissioning of the thermal generating stations is being recorded in the balance sheet as a liability.

c) FOREIGN CURRENCY TRANSLATION

Exposure Management Program

The impact of exchange fluctuations associated with United States (U.S.) currency has been essentially eliminated through the Corporation's Exposure Management Program. The program effectively hedges the Corporation's net principal debt and interest obligations through future U.S. export revenues and the income from U.S. sinking fund investments.

For the purposes of recording hedged U.S. dollar inflows and outflows, the exchange rate is designated based on the historical book value of the U.S. principal debt ($1.00 U.S. = $1.17 Canadian). Mismatches between U.S. dollar inflows and outflows are bridged through the use of forward exchange contracts or debt and investment instruments which are valued at the designated exchange rate.

United States Long-Term Debt

In accordance with the Corporation's Exposure Management Program, U.S. debt is translated at the rates of exchange in effect at the dates of issue or, if arranged for refinancing purposes, at the historical book value exchange rate of the debt being refinanced. U.S. debt fixed by foreign exchange contract is recorded at the contracted rate.

Current Assets and Current Liabilities
Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at rates of exchange prevailing at the date of the balance sheet or at rates determined under the Corporation's Exposure Management Program. The unrealized exchange gains or losses together with realized exchange gains or losses are credited or charged to operations.

Sinking Fund Investments
U.S. denominated sinking fund investments are translated into Canadian currency at the weighted average historical exchange rate of the U.S. denominated debt.

Other Transactions
Other expense and revenue transactions made in foreign currencies are translated into Canadian currency at the rates of exchange prevailing at the date of the transaction, except transactions covered by monetary contracts which are translated into Canadian dollars at the rates of exchange established by the contracts.

d) PENSION BENEFITS

The costs of pension benefits are determined by an independent actuary using the accrued benefit method and management's best estimate assumptions. Pension expense is comprised of the cost of pension benefits provided during the year plus the amortization of the cost of past service benefits and experience gains and losses.

The unamortized present value of past service benefits and actuarially determined experience gains or losses are recognized in the financial statements as a deferred asset or credit and are amortized over periods ranging from 13 to 18 years, the expected average service life of the employees covered by the plans.

All pension assets are stated at current market value.

e) DEBT DISCOUNT AND EXPENSE

Debt discount and associated issue costs are amortized to finance expense on a straight-line basis over the life of the respective debt.

f) SINKING FUND INVESTMENTS

The Corporation records sinking fund investments at par value. The difference between the cost and the par value of each investment is recorded as a premium or discount and is amortized on a straight-line basis over the remaining life of the investment. Any gain or loss on early disposal of investments is credited or charged to operations.

g) TEMPORARY INVESTMENTS

Temporary investments are recorded at cost.

h) PLANNING STUDIES

Planning studies costs are recorded as a deferred expense and are amortized on a straight-line basis over 15 years. The balance of the unamortized costs of a project which proceeds during the 15 year period is transferred to the capital cost of the project.

i) VACATION EXPENSE

The vacation expense in respect of employees' services rendered to the date of initial recognition of the liability has been recognized in the financial statements as a deferred asset and is being amortized on a straight-line basis over a period of 10 years. The annual change in the vacation liability is recorded in current operations.

j) **DEMAND SIDE MANAGEMENT PROGRAMS**

The costs of the Corporation's energy conservation programs, referred to as demand side management or "Power Smart", are deferred and amortized on a straight-line basis over periods of up to 15 years.

k) **SITE RESTORATION COSTS**

Site restoration costs are recorded as a deferred expense and are amortized on a straight-line basis over 15 years.

l) **REVENUES**

Customers' meters are read and billed on a cyclical basis. Revenues are accrued in respect of energy delivered for those cycles not yet billed.

m) **RATE REGULATION**

The prices charged for sales of electricity and gas within Manitoba are subject to review and approval by The Public Utilities Board of Manitoba (PUB).

n) **CONTRIBUTIONS IN AID OF CONSTRUCTION**

Contributions are required from customers whenever the costs of extending service exceed specified construction allowances. Contributions are amortized on a straight-line basis over the estimated service lives of the related capital assets.

o) **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

p) **COST OF GAS SOLD**

Cost of gas sold is recorded at the same rates charged to customers, as approved by the PUB. The difference between the recorded cost of gas and the actual cost of gas is deferred and recovered in future rates.

q) **CENTRA GAS INTEGRATION COSTS**

Costs associated with the acquisition of Centra Gas Manitoba Inc. (Centra Gas) have been deferred and are being amortized on a straight-line basis over a period of 30 years.

r) **TAXES**

The taxes payable by Centra Gas as a result of its change to non-taxable status on acquisition by Manitoba Hydro have been deferred and are being amortized over a period of approximately nine years.

s) **GOODWILL**

Goodwill, which represents the excess of purchase price over the fair value of net assets acquired, is amortized on a straight-line basis over 30 years.

NOTE 2 ACQUISITION OF CENTRA GAS MANITOBA INC.

Effective July 30, 1999, the Corporation purchased all of the issued and outstanding common shares of Centra Gas Manitoba Inc. and Minell Pipelines Ltd., for a total purchase price of $242 million. Centra Gas Manitoba Inc. is a gas distribution utility with annual sales of natural gas exceeding $330 million. Minell Pipelines Ltd. consists solely of a 70 kilometre pipeline between Saskatchewan and Manitoba. The acquisition has been accounted for using the purchase method, and the results of Centra Gas Manitoba Inc. and Minell Pipelines Ltd. have been reflected in the Corporation's results of operations from July 30, 1999. This transaction has been accounted for as follows:

	(millions of dollars)
Cash consideration paid	$ 242
Net assets acquired	
Total assets other than goodwill	$ 471
Total liabilities	(294)
Goodwill	65
	$ 242

NOTE 3 EXTRAPROVINCIAL REVENUES

	2000	1999
	(millions of dollars)	
United States	$ 286	$ 280
Ontario	61	25
Saskatchewan	29	21
	$ 376	$ 326

NOTE 4 WATER RENTALS

Water rental costs are incurred for the use of water resources by the Corporation in the operation of its hydro-electric generating stations. These costs amounted to $51 million (1999 - $51 million). In accordance with agreements with the Province of Manitoba with respect to mitigation payments (Note 17), water rentals remain fixed at current rates.

NOTE 5 FINANCE EXPENSE

	2000	1999
	(millions of dollars)	
Interest on debt, excluding Centra Gas acquisition	$ 503	$ 506
Interest on Centra Gas acquisition financing	11	-
Amortization of discount and expenses	10	11
Finance expense allocated to construction	(17)	(20)
Investment income	(86)	(84)
	$ 421	$ 413

Included in interest on debt is $42 million (1999 - $31 million) in respect of the Provincial Guarantee Fee. This fee is calculated at 0.65% of the total outstanding debt guaranteed by the Province as at each month end. In 1999, the fee was calculated as 0.50% of the total outstanding debt guaranteed by the Province as at the preceding year end.

NOTE 6 CAPITAL ASSETS

	2000			1999		
	(millions of dollars)					
	In Service	Accumulated Depreciation	Construction in Progress	In Service	Accumulated Depreciation	Construction in Progress
Generation	$ 4 117	$ 1 038	$ 39	$ 4 058	$ 972	$ 44
Transmission	602	157	49	593	146	35
Substations	1 543	570	51	1 475	528	36
Distribution	1 486	419	20	1 152	396	27
Other	690	207	29	537	175	34
	$ 8 438	$ 2 391	$ 188	$ 7 815	$ 2 217	$ 176

NOTE 7 SINKING FUND INVESTMENTS

As provided by The Manitoba Hydro Act, the Corporation pays an annual sinking fund installment to the Minister of Finance of the Province of Manitoba of not less than 1% of the principal amount of the outstanding debt on the preceding March 31, and 4% of the balance in the sinking fund at such date.

Income earned on sinking fund investments is included with investment income for the year.

Sinking funds are invested in government bonds and the bonds of highly rated corporations and financial institutions.

Sinking Funds Investments:	2000	1999
	(millions of Canadian dollars)	
Canadian investments	$ 680	$ 603
U.S. investments	602	508
	$ 1 282	$ 1 111

The Canadian sinking fund has a weighted average term to maturity of 8.4 years (1999 - 7.6 years) and an effective yield to maturity of 7.3% (1999 - 8.0%). The U.S. sinking fund has a weighted average term to maturity of 4.1 years (1999 - 4.6 years) and an effective yield to maturity of 7.0% (1999 - 6.9%).

Investments denominated in U.S. currency are not subject to foreign exchange fluctuations as book value rates have been fixed in accordance with the Corporation's Exposure Management Program.

If U.S. sinking funds had been translated at the exchange rate prevailing at the balance sheet date ($1.00 U.S. = $1.4535 Canadian), the investments as at March 31, 2000 would have increased by $149 million Canadian (1999 - increased by $150 million Canadian).

Sinking Fund Contributions:

	2000	1999
	(millions of Canadian dollars)	
Annual Required Installment		
Canadian investments	$ 56	$ 52
U.S. investments	51	44
Additional Contribution		
Canadian investments	28	23
U.S. investments	43	11
	$ 178	$ 130

NOTE 8 PENSION ASSETS AND OBLIGATION

Manitoba Hydro employees are eligible for pensions under the Manitoba Civil Service Superannuation Fund (the Fund). The Fund is a defined benefit plan which requires the Corporation to contribute 50% of the pension disbursements made to retired employees.

The most recent actuarial valuation for the Corporation's obligation was performed in 1999-00 with respect to the liability outstanding as at December 31, 1999. This valuation incorporated management's best estimate assumptions and took into consideration the long-term nature of the plan. The pension liability amounted to $358 million at March 31, 2000 (1999 - $369 million).

Pension expense recorded for the year ended March 31, 2000 was $16 million (1999 - $18 million).

The Corporation fully funds its pension obligation and has recorded pension assets at a market value of $425 million (1999 - $369 million). The pension assets' value at cost is $342 million (1999 - $334 million). The assets are managed on behalf of the Corporation by the Manitoba Civil Service Superannuation Board. Pension assets are invested as follows:

	2000	1999
	(millions of dollars)	
Bonds and debentures	$ 166	$ 173
Equities	191	126
Mortgages	31	30
Short-term cash	15	21
Real estate	22	19
	$ 425	$ 369

In addition, Centra Gas has defined benefit pension plans covering substantially all of its employees. Pension fund assets amounted to $51 million at March 31, 2000, while accrued pension fund obligations were $50 million at March 31, 2000.

NOTE 9 DEFERRED DEBT COSTS

	2000	1999
	(millions of dollars)	
Debt discount and expense	$ 63	$ 72
Premium on purchases of sinking fund investments	32	27
Other	26	31
	$ 121	$ 130

NOTE 10 OTHER DEFERRED ASSETS

	2000	1999
	(millions of dollars)	
Demand side management programs	$ 37	$ 35
Planning studies	70	56
Goodwill	64	-
Taxes	53	-
Pension valuation	-	42
Vacation expense	10	13
Receivables	11	17
Site restoration costs	8	7
Centra Gas integration costs	11	-
Other	21	13
	$ 285	$ 183

NOTE 11 LONG-TERM DEBT

The Corporation's long-term debt is either issued by the Corporation or advanced from the Province of Manitoba. In 1999-00, the Corporation arranged advances from the Province of Manitoba in the principal amount of $898 million (1999 - $315 million) for investment and refinancing purposes as follows:

- $125 million due September 1, 2009 with a floating coupon rate.
- $125 million due September 1, 2029 with a 6.25% coupon rate.
- $291 million due February 22, 2010 with a floating coupon rate.
- $176 million ($150 million U.S.) due February 22, 2010 with a floating coupon rate.
- $181 million ($150 million U.S.) due March 15, 2020 with a 5.79% fixed coupon rate.

In addition, the Corporation completed financings of $45 million ($40 million maturing in 2013; $5 million maturing in 2018) in connection with mitigation settlements.

	2000	1999
	(millions of dollars)	
Total long-term debt:		
Advances from the Province of Manitoba represented by debenture debt of the Province	$ 6 123	$ 5 383
Manitoba HydroBonds	410	469
The Manitoba Hydro-Electric Board Bonds	76	31
Centra Gas Manitoba Inc. Debentures	161	-
	6 770	5 883
Less Current portion of long-term debt	159	-
	$ 6 611	$ 5 883

Long-term debt is guaranteed by the Province of Manitoba. Centra Gas Manitoba Inc. Debentures are valued at their fair market value at the time that Centra Gas was acquired by Manitoba Hydro.

Debt amounts are summarized by years to maturity in the following table:

	2000				1999
	(millions of Canadian dollars)				
Years	Canadian Maturities	U.S. Maturities	Total Principal Amount of Maturities	Weighted Average Yield Rate	Total Principal Amount of Maturities
2001	$ 159	$ -	$ 159	5.48%	$ 157
2002	142	-	142	5.31%	189
2003	183	-	183	6.12%	127
2004	3	-	3	7.18%	-
2005	3	-	3	7.22%	-
	$ 490	$ -	$ 490	5.89%	$ 473
2006-2010	576	413	989	5.88%	312
2011-2031	2 656	2 635	5 291	8.09%	5 098
	$ 3 722	$ 3 048	$ 6 770	7.91%	$ 5 883

Debt denominated in U.S. currency is not subject to foreign exchange fluctuations as book value rates have been fixed in accordance with the Corporation's Exposure Management Program.

If U.S. debt had been translated at the exchange rate prevailing at the balance sheet date ($1.00 U.S. = $1.4535 Canadian), the obligation would have increased by $731 million Canadian (1999 - increased by $819 million Canadian).

NOTE 12 BANK BALANCES AND TEMPORARY INVESTMENTS

	2000	1999
	(millions of dollars)	
Bank balances	$ 6	$ -
Temporary investments	9	57
	$ 15	$ 57

The Corporation has a bank credit facility which provides for overdrafts and notes payable up to an amount of $500 million denominated in Canadian and/or U.S. currency.

NOTE 13 DEFERRED LIABILITIES AND CREDITS

	2000	1999
	(millions of dollars)	
Mitigation liability (Note 17)	$ 91	$ 136
Mitigation liability assumed on behalf of the Province of Manitoba (Note 17)	17	20
Employee benefits	48	47
Refundable advances from customers	18	16
Pension valuation	16	-
Decommissioning of thermal generating stations	14	13
Interest income and other credits	1	2
	$ 205	$ 234

NOTE 14 FOREIGN EXCHANGE CONTRACTS

The Corporation utilizes foreign exchange contracts to manage timing differences in its short-term U.S. cash flows. All foreign exchange forward contracts are denominated in U.S. currency. As at March 31, 2000, contracts in the net amount of $9 million U.S. had been purchased forward at a weighted average exchange rate of $1.4083 (1999 - $2 million U.S. sold forward at a weighted average exchange rate of $1.4943).

NOTE 15 FINANCIAL INSTRUMENTS

Fair Value:
The estimated fair values of the Corporation's long-term debt and sinking fund investments is based on year-end market interest and exchange rates for similar debt and investment instruments. As at March 31, 2000 the estimated fair value of the Corporation's total long-term debt amounted to $8 112 million (1999 - $7 929 million). The estimated fair value of sinking fund investments which the Corporation uses solely for the purpose of repaying long-term debt amounted to $1 480 million at March 31, 2000 (1999 - $1 374 million).

The carrying values of foreign exchange contracts approximate fair value due to the relative stability of foreign exchange rates and the short period to maturity.

The carrying values of all other financial assets and liabilities approximate fair value.

Credit Risk:
Credit risk on sinking fund investments, pension assets and short-term investments is minimized as the Corporation invests exclusively in government-guaranteed bonds or other highly rated investments. The majority of the Corporation's accounts receivable are owing from domestic consumers who are in diversified industries and from sales to other utilities.

Interest Rate Risk:
Interest rate risk is associated with notes payable net of temporary investments, the current portion of long-term debt net of the current portion of sinking fund investments, and floating rate long-term debt which totalled $1 132 million at March 31, 2000 (1999 - $479 million). For information purposes an increase of 1% in the interest rate would reduce net income by $11 million for March 31, 2000 (1999 - $5 million).

Manitoba Hydro utilizes interest rate swaps to manage the Corporation's interest rate exposure. These swaps include blended forward interest rate swaps that have been transacted on $2 billion of debt at blended rates ranging from 6.5% to 7.4%. The lower interest rates produced by these swap transactions reduced finance expense by approximately $28 million in the 1999-00 fiscal year (1999 - $19 million) which reflects the impacts of the cash requirements associated with these obligations.

NOTE 16 COMMITMENTS

Outstanding commitments, principally for construction, are approximately $184 million (1999 - $110 million).

NOTE 17 MITIGATION

As a result of the Corporation's northern development projects in past years, a number of communities experienced adverse impacts. The Corporation is committed to providing fair compensation to affected communities for the impacts of its development projects, and to date $419 million (1999 - $396 million) has been spent in mitigating and compensating the project-related impacts.

The Corporation is party to an agreement dated December 16, 1977, with Canada, the Province of Manitoba and the Northern Flood Committee Inc., representing the five First Nations in the communities of Cross Lake, Nelson House, Norway House, Split Lake and York Landing. This agreement, in part, provides for compensation and remedial measures necessary to ameliorate the impacts of the Churchill River Diversion and Lake Winnipeg Regulation projects.

Expenditures incurred to mitigate the impacts of the Churchill River Diversion and Lake Winnipeg Regulation projects amounted to $23 million for the year ended March 31, 2000 (1999 - $20 million). In recognition of the anticipated mitigation payments to be incurred, the Corporation has recorded a mitigation liability of $91 million (1999 - $136 million). Reassessments of this liability will be made as settlements are achieved. There are other mitigation issues, the outcomes of which are not determinable at this time.

The Corporation entered into agreements with the Province of Manitoba whereby the Corporation has assumed obligations of the Province with respect to northern development projects. The Corporation has assumed obligations totalling $101 million (1999 - $100 million) of which $17 million (1999 - $20 million) remains outstanding in exchange for which water power rental charges were fixed until September 30, 1999.

NOTE 18 SEGMENTED INFORMATION

The Corporation operates primarily in two business segments, electricity and gas. Each segment has their own particular economic characteristics and differs in nature, production processes and technology.

The Electricity segment is the Corporation's core activity and encompasses the generation, transmission and distribution of electricity.

The Gas segment represents natural gas distribution activities, principally through the operations of the Corporation's wholly owned subsidiary, Centra Gas Manitoba Inc.

Notes to the Consolidated Financial Statements

The following table contains information related to the results and assets by segment:

	Electricity		Gas		Total	
	2000	1999	2000	1999	2000	1999
			(millions of dollars)			
Revenue	$ 1 123	$ 1 082	$ 269	-	$ 1 392	$ 1 082
Operating & administrative	231	223	37	-	268	223
Depreciation	215	198	12	-	227	198
Water rentals	51	51	-	-	51	51
Fuel & power purchased	33	59	-	-	33	59
Capital & other taxes	41	38	17	-	58	38
Cost of gas sold	-	-	182	-	182	-
Finance expense	404	413	17	-	421	413
Total expenses	975	982	265	-	1 240	982
Net income	$ 148	$ 100	$ 4	-	$ 152	$ 100
Total assets	$ 8 112	$ 7 866	$ 580	-	$ 8 692	$ 7 866
Cash flows:						
Cash receipts from customers	$ 1 139	$ 1 079	$ 213	-	$ 1 352	$ 1 079
Cash paid to suppliers and employees	(366)	(328)	(201)	-	(567)	(328)
Interest paid net	(392)	(385)	(19)	-	(411)	(385)
Cash provided from (used for) operations	$ 381	$ 366	$ (7)	-	$ 374	$ 366
Cash provided from (used for) financing	$ 442	$ 64	$ (2)	-	$ 440	$ 64
Cash used for investment	$ 790	$ 507	$ 66	-	$ 856	$ 507

NOTE 19 COMPARATIVE FIGURES

Where appropriate, comparative figures for 1999 have been reclassified in order to conform to the presentation adopted in 2000.

Deloitte & Touche

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AUDITORS' REPORT

To the Board of Directors
Manitoba Lotteries Corporation

We have audited the balance sheet of Manitoba Lotteries Corporation as at March 31, 2000 and the statements of net income, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 10, 2000

Deloitte Touche Tohmatsu

Manitoba Lotteries Corporation
Balance Sheet
March 31, 2000
(in thousands)

	Notes	2000	1999
ASSETS			
Current Assets			
Cash		$ 13,438	$ 6,402
Accounts receivable	3	7,161	5,917
Prepaid expense	4	2,264	1,702
Inventories	5	3,932	2,643
		26,795	16,664
Capital Assets	6	174,954	110,385
		$ 201,749	$ 127,049
LIABILITIES AND EQUITY ADVANCE			
Current Liabilities			
Accounts payable and accruals	7	$ 17,298	$ 25,944
Due to the Government of Manitoba		5,117	74
Due to organizations		72	83
		22,487	26,101
Long Term Debt	8	173,977	95,676
Accumulated Pension Benefits		285	272
Equity Advance from the Government of Manitoba	9	5,000	5,000
		$ 201,749	$ 127,049

On behalf of the Board,

Director and Chair
of the Audit Committee

Director and Chair
of the Board

Manitoba Lotteries Corporation
Statement of Net Income
for the year ended March 31, 2000
(in thousands)

	Schedules	2000	1999
Net Revenue			
Video lottery	1	$ 137,363	$ 129,929
Lottery	2	46,920	44,052
McPhillips Street Station	3	30,712	32,392
Club Regent	4	23,298	24,191
Crystal Casino	5	3,269	7,036
Bingo and breakopen products	6	3,493	3,514
Interest income		398	314
Other income		53	131
		245,506	241,559
General and administration expenses	7	(9,879)	(10,913)
Funding to:			
Addictions Foundation of Manitoba		(1,652)	(1,577)
Charitable Organizations		(3,932)	(3,939)
Net Income		$ 230,043	$ 225,130

Manitoba Lotteries Corporation
Statement of Cash Flows
for the year ended March 31, 2000
(in thousands)

	2000	1999
Cash provided by operating activities		
Net Income	$ 230,043	$ 225,130
Non-cash charges to income:		
Depreciation and amortization	12,376	13,584
Deferred pension benefits	13	54
	242,432	238,768
Net changes in working capital items	(11,787)	9,534
Cash provided by operating activities	230,645	248,302
Cash distributions		
The Government of Manitoba	(225,000)	(225,000)
Financing		
Increase in long term debt	77,692	41,270
Deferred pension benefits	-	(4,401)
	77,692	36,869
Cash investment activities		
Purchase of capital assets	(76,301)	(66,866)
Increase(Decrease) in cash balance during the year	7,036	(6,695)
Cash balance, beginning of year	6,402	13,097
Cash balance, end of year	$ 13,438	$ 6,402

Manitoba Lotteries Corporation
Schedule 1 - Net Video Lottery Revenue
for the year ended March 31, 2000
(in thousands)

	2000	1999
Revenue		
Video lottery	$ 205,465	$ 195,687
Expenses		
Cartage	43	42
Commission	54,369	51,088
Community support	221	75
Depreciation and amortization	1,646	3,555
Gaming control registration fee	493	503
Goods and services tax	3,167	2,999
Health and education tax	59	57
Interest	1,400	1,535
Maintenance transportation	585	564
Merchandising prizes	57	65
Pension	40	35
Postage and telephone	641	633
Consultant fees	106	97
Rentals, repairs and maintenance	1,863	1,309
Salaries and benefits	3,076	2,836
Sundry	64	46
Supplies and printing	272	319
	68,102	65,758
Net Revenue	$ 137,363	$ 129,929

Manitoba Lotteries Corporation
Schedule 2 - Net Lottery Revenue
for the year ended March 31, 2000
(in thousands)

	2000	1999
Revenue		
Lottery sales	$ 151,187	$ 139,624
Less: Cost of sales	97,115	88,574
	54,072	51,050
Interest and other	815	821
	54,887	51,871
Expenses		
Depreciation and amortization	55	45
Freight and delivery	144	138
Gaming control registration fee	4	6
Goods and services tax	71	65
Health and education tax	23	30
Interest	156	177
Merchandising prizes	487	340
Pension	31	34
Postage and telephone	66	56
Consultant fees	9	-
Rentals, repairs and maintenance	285	324
Retailer training and support	123	97
Salaries and benefits	1,235	1,564
Signs and fixtures	96	81
Sundry	19	20
Supplies and printing	9	14
	2,813	2,991
	52,074	48,880
Allocation to the Provinces of Alberta and Saskatchewan	3,055	2,868
Payment to the Government of Canada (note 10)	2,099	1,960
Net Revenue	$ 46,920	$ 44,052

Manitoba Lotteries Corporation
Schedule 3 - Net Revenue - McPhillips Street Station
for the year ended March 31, 2000
(in thousands)

	2000	1999
Revenue		
McPhillips Street Station	$ 74,711	$ 55,656
Expenses		
Depreciation and amortization	4,634	4,219
Gaming control registration fee	333	281
Goods and services tax	756	314
Health and education tax	402	202
Interest	2,958	769
Merchandising prizes	1,645	812
Pension	217	97
Postage and telephone	516	170
Consultant fees	149	97
Rentals, repairs and maintenance	8,240	4,668
Salaries and benefits	20,199	10,118
Security	72	49
Sundry	264	381
Supplies and printing	1,970	481
Tourism marketing and entertainment	1,644	606
	43,999	23,264
Net Revenue	$ 30,712	$ 32,392

Manitoba Lotteries Corporation
Schedule 4 - Net Revenue - Club Regent
for the year ended March 31, 2000
(in thousands)

	2000	1999
Revenue		
Club Regent	$ 65,498	$ 44,769
Expenses		
Depreciation and amortization	4,617	3,393
Gaming control registration fee	306	240
Goods and services tax	719	314
Health and education tax	377	179
Interest	3,234	703
Merchandising prizes	1,581	844
Pension	190	91
Postage and telephone	381	171
Consultant fees	140	61
Rentals, repairs and maintenance	8,352	4,368
Salaries and benefits	19,087	8,883
Security	52	28
Sundry	217	291
Supplies and printing	1,358	399
Tourism marketing and entertainment	1,589	613
	42,200	20,578
Net Revenue	$ 23,298	$ 24,191

Manitoba Lotteries Corporation
Schedule 5 - Net Crystal Casino Revenue
for the year ended March 31, 2000
(in thousands)

	2000 (note 11)	1999
Revenue		
Crystal Casino	$ 7,015	$ 20,042
Expenses		
Depreciation and amortization	161	674
Gaming control registration fee	24	74
Goods and services tax	76	200
Health and education tax	42	157
Interest	69	229
Merchandising prizes	167	682
Pension	27	80
Postage and telephone	37	70
Consultant fees	5	170
Rentals, repairs and maintenance	614	1,752
Salaries and benefits	2,272	7,598
Security	122	81
Sundry and exit costs	21	903
Supplies and printing	95	283
Tourism marketing	14	53
	3,746	13,006
Net Revenue	$ 3,269	$ 7,036

Manitoba Lotteries Corporation
Schedule 6 - Net Bingo and Breakopen Product Revenue
for the year ended March 31, 2000
(in thousands)

	2000	1999
Revenue		
Bingo paper sales	$ 2,005	$ 2,066
Less: Cost of sales	1,618	1,677
	387	389
Breakopen ticket sales	5,042	5,031
Less: Cost of sales	1,144	1,238
	3,898	3,793
Expenses		
Cartage	89	87
Depreciation and amortization	6	11
Goods and services tax	246	251
Interest	13	15
Licensee and retailer promotions	43	26
Rentals, repairs and maintenance	272	173
Salaries and benefits	116	89
Sundry	7	16
	792	668
Net Revenue	$ 3,493	$ 3,514

Manitoba Lotteries Corporation
Schedule 7 - General and Administration Expenses
for the year ended March 31, 2000
(in thousands)

	2000	1999
Expenses		
Board of Directors	$ 53	$ 45
Cartage	75	72
Community support	322	263
Depreciation and amortization	1,256	1,686
Gaming control registration fee	11	16
Health and education tax	85	88
Interest	106	117
Pension	73	131
Postage and telephone	248	258
Professional fees	933	750
Rentals, repairs and maintenance	1,424	1,404
Salaries and benefits	4,662	5,236
Sundry	298	496
Supplies and printing	333	351
Total Expenses	$ 9,879	$ 10,913

1. Background

The Manitoba Lotteries Foundation was established by the Manitoba Lotteries Foundation Act. On July 27, 1993, the Act was amended and continued under the Manitoba Lotteries Corporation Act. By consent of the Legislative Assembly of Manitoba, the organization continues its operations as a Crown Corporation under the name of the Manitoba Lotteries Corporation.

2. Significant Accounting Policies

(a) Revenue and expenses recognition

Revenue and expenses are recorded on an accrual basis except for lottery revenue, which is recorded as of the draw date for each ticket. Video lottery and other gaming revenue is recorded net of prizes paid.

(b) Capital assets and depreciation

Capital assets are recorded at cost.

Furniture and equipment are depreciated on a straight-line basis over 5 years.

Buildings and parking lots are depreciated on a straight-line basis over 30 years (Note 14).

Leasehold improvements are amortized over the term of the lease.

Capital costs are normally subject to a full year's depreciation in the fiscal year of acquisition. Due to the significance of the casino expansion capital costs and to better match revenues to expenses, depreciation in 1999/2000 on these capital assets is recorded for the eight months since the opening of the expanded casinos. Depreciation on casino expansion capital costs will increase by $2 million in 2000/2001 when 12 months depreciation will be applied.

(c) Goods and Services Tax

In lieu of Goods and Services Tax (GST) on lottery and gaming revenue, the Corporation pays an additional 7% GST on gaming expenditures, including retailer commissions. This additional 7% is reported as GST expense.

The additional 7% GST paid on capital expenditures is included in the cost of the asset.

An input tax credit is claimed for GST paid on non-gaming expenditures.

(d) Pension costs

The Corporation makes contributions for employees and officers to a Money Purchase pension plan at prescribed rates. The pension expense related to this plan for the 2000 fiscal year is $428,000 (1999 - $255,000).

2. Significant Accounting Policies (continued)

(d) Pension costs

Certain other employees and officers of the Corporation are pensionable under the Civil Service Superannuation Fund (the Fund). The Corporation funded the total actuarial present value of all prior accrued basic pension and indexing obligations as at December 31, 1997. The amount funded was $4.4 million. A reserve of $285,000 (1999 - $272,000) has been established as a pension liability for employees whose annual earnings exceed the limit under the Fund plan.

Effective January 1, 1998, the Corporation began matching employee contributions to the Fund at prescribed rates. Current service contributions are recorded as an operating expense. The pension expense related to this plan for the 2000 fiscal year is $154,000 (1999 - $154,000).

(e) Financial Instruments

Financial Risk

Financial risk is the risk to the Corporation's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to interest, though risks associated with interest rate fluctuations are mitigated through the use of long term debt.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation mitigates this risk through its credit management and collection practices.

3. Accounts Receivable (in thousands)

	2000	1999
Western Canada Lottery Corporation	$ 2,613	$ 2,454
Trade	3,685	2,607
Restaurant Working Capital Advance	400	-
Miscellaneous	205	629
Employee Computer Program	152	124
Lottery Retailers	106	103
	$ 7,161	$ 5,917

The Corporation is the sole distributor of lottery products in Manitoba and is a partner in the Western Canada Lottery Corporation.

4. Prepaid Expense (in thousands)

	2000	1999
Manitoba Gaming Control Commission fees	$ 842	$ 757
Warranties and Maintenance contracts	633	17
Deposit on Entertainment contracts	280	81
Insurance	148	92
Miscellaneous	145	258
Trade Deposits	109	300
Rent	107	197
	$ 2,264	$ 1,702

5. Inventories (in thousands)

Inventories are valued at the lower of cost or net realizable value.

	2000	1999
Spare parts	$ 2,820	$ 1,972
Breakopen tickets	348	282
Bingo paper	651	266
Store merchandise	113	123
	$ 3,932	$ 2,643

6. Capital Assets (in thousands)

2000

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Land	$ 4,922	$ -	$ 4,922
Furniture & Equipment	110,109	84,996	25,113
Buildings & Parking lots	156,534	13,230	143,304
Leasehold Improvements	5,543	4,531	1,012
Capital leases	644	41	603
	$ 277,752	$ 102,798	$ 174,954

6. Capital Assets (cont'd)

1999

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Land	$ 4,922	$ -	$ 4,922
Furniture & Equipment	92,109	77,067	15,042
Buildings & Parking lots	52,847	9,214	43,633
Leasehold Improvements	5,046	4,233	813
Construction in progress			
– Cost	40,229	-	40,229
– Taxes	5,746	-	5,746
	$ 200,899	$ 90,514	$ 110,385

7. Accounts Payable and Accruals (in thousands)

	2000	1999
Trade	$ 13,586	$ 23,493
Vacation payable	2,018	1,452
Jackpot provision	1,544	895
Government of Manitoba	114	103
Capital lease	35	-
Western Canada Lottery Corporation	1	1
	$ 17,298	$ 25,944

8. Long Term Debt (in thousands)

	2000	1999
Royal Bank of Canada, due February 28, 2001. The Corporation is currently in the process of negotiating new long-term borrowing arrangements to be in place prior to the expiry of the current facility. At present the Corporation has the option, through a Revolving Term Facility, to select a flexible term and associated interest rate. The fair market value of the Corporation's long term debt approximates its carrying value. The interest rate on existing loans range from 5.11% to 6.00%.	$ 173,409	$ 95,676
Capital lease obligations	603	-
	174,012	95,676
Less current portion of capital lease obligations	35	-
	$ 173,977	$ 95,676

9. Equity Advance

The Equity advance reflects $5 million for working capital provided to the Corporation by the Government of Manitoba.

10. Payment to Government of Canada

Effective January 1, 1980 the Government of Canada terminated its involvement in lotteries. In return, the ten provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government. The Province of Manitoba's share for the 2000 fiscal year is $2,099,073 (1999 - $1,959,623).

11. Crystal Casino

The Corporation closed the Crystal Casino on July 18, 1999 and consolidated its operations with Club Regent and McPhillips Street Station. Accordingly, the 1999/2000 revenues and expenses are significantly different than the comparative figures of the previous year.

12. (a) Lease Obligations

The future minimum rental payments relating to operating leases are as follows:

	(in thousands)
2001	$ 745
2002	622
2003	565
2004	555
2005	516
Subsequent years	2,541
	$ 5,544

(b) Capital Commitments

The Corporation has commitments on outstanding capital projects at March 31, 2000 of $6.1 million (1999 - $25.5 million).

13. Contingencies

Various legal actions have been commenced against the Corporation and the Corporation or its insurers are defending against all claims. While the outcome of these claims cannot be determined, management is of the opinion that the outcome will not have a material adverse effect on the Corporation's financial position.

No provision has been made in the accounts of the Corporation in respect to these claims at March 31, 2000.

14. Change in Accounting Estimate

Based on an architectural evaluation and a review of the depreciation policies of other gaming jurisdictions across Canada, it was determined that both the structural and economic lives of the building and parking lots are 30 years or longer. The Corporation modified the depreciation period for building and parking lots previously depreciated on a straight-line basis over a period of 20 years. Beginning in 1999/2000, these costs are depreciated on a straight-line basis over 30 years. The impact of this change increases current year's net income by $2.2 million.

15. Uncertainty Due to the Year 2000 Issues

The Year 2000 Issue arises because many computer systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 and 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than that date.

Although the change in date has already occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

16. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

AUDITORS' REPORT

To the Board of Directors of
Manitoba Product Stewardship Corporation:

We have audited the balance sheets of **MANITOBA PRODUCT STEWARDSHIP CORPORATION** as at March 31, 2000 and 1999 and the statements of operations and fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP

June 6, 2000
Winnipeg, Manitoba

MANITOBA PRODUCT STEWARDSHIP CORPORATION
BALANCE SHEETS
MARCH 31, 2000 AND 1999

ASSETS

	2000	1999
CURRENT ASSETS		
Cash and term deposits (Note 2)	$ 7,215,510	$ 7,138,056
Interest receivable	47,247	33,259
Levies receivable	602,310	571,131
PST rebate receivable (Note 3)	80,000	177,946
Prepaid expenses and deposits	8,635	7,784
	7,953,702	7,928,176
FURNITURE AND EQUIPMENT (Note 4)	69,876	45,747
	$ 8,023,578	$ 7,973,923

LIABILITIES AND FUND BALANCE

	2000	1999
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	$ 192,880	$ 311,598
Recycling support payments payable	637,941	626,312
Provision for credits on levy revenue	42,914	198,500
	873,735	1,136,410
FUND BALANCE		
Multi-Material WRAP Fund (Note 1)	7,149,843	6,837,513
	$ 8,023,578	$ 7,973,923

Approved on behalf of the Board:

Jane Mackey Director

Gerald L. Dorge Director

MANITOBA PRODUCT STEWARDSHIP CORPORATION
STATEMENTS OF OPERATIONS AND FUND BALANCE
FOR THE YEARS ENDED MARCH 31, 2000 AND 1999

	2000	1999
REVENUE		
Beverage levy revenue	$ 6,583,962	$ 6,548,584
Levy rebates	(146,210)	(75,689)
Other levy revenue	43,500	-
PST rebate - Province of Manitoba (Note 3)	369,376	387,081
Interest (Note 2)	341,727	343,245
TOTAL REVENUE	7,192,355	7,203,221
PROGRAM EXPENSES		
MUNICIPAL PROGRAMS		
Recycling Support Payments to municipalities	4,683,581	4,548,166
Municipal support	202,437	238,254
	4,886,018	4,786,420
STEWARD PROGRAMS		
Levy redistribution feasibility analysis	-	3,478
Compliance of WRAP Act	44,352	31,477
	44,352	34,955
SCHOOL EDUCATION		
STAR – school payments	304,000	287,500
STAR Plus program	137,364	-
School education	126,387	140,208
	567,751	427,708
PROGRAM PROMOTION		
Program Promotion/Sponsorship	83,855	69,317
Program advertising	429,090	618,778
Anti-litter campaign	117,503	108,185
Public space recycling	11,611	-
MPSC – Corporate Website	4,751	-
	646,810	796,280
PAN AM GAMES (NOTE 6)	69,814	251,313
TOTAL PROGRAM EXPENSES	6,214,745	6,296,676
ADMINISTRATIVE EXPENSES		
Board members' expenses	4,936	1,958
Board planning seminar	15,975	-
Communication	23,054	22,299
Conference expenses	12,304	10,507
Contract financial management	35,952	37,022
Depreciation	53,458	27,448
Equipment, leasing, repairs and maintenance	27,988	21,452
Insurance	4,905	4,554
Office	65,805	38,963
Professional fees	15,210	15,799
Promotion	3,647	3,102
Rent (Note 5)	40,042	39,883
Salaries, wages and benefits	340,111	314,822
Subscriptions	10,899	8,419
Travel and automotive	10,994	10,076
TOTAL ADMINISTRATIVE EXPENSES	665,280	556,304
EXCESS OF REVENUE OVER EXPENSES	312,330	350,241
FUND BALANCE, beginning of year	6,837,513	6,487,272
FUND BALANCE, end of year	$ 7,149,843	$ 6,837,513

MANITOBA PRODUCT STEWARDSHIP CORPORATION
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED MARCH 31, 2000 AND 1999

	2000	1999
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 312,330	$ 350,241
Item not affecting cash		
Depreciation	53,458	27,448
	365,788	377,689
Net change in non-cash operating assets and liabilities		
Interest receivable	(13,988)	(4,822)
Levies receivable	(31,179)	4,312
PST rebate receivable	97,946	(8,730)
Prepaid expenses and deposits	(851)	3,774
Accounts payable and accrued liabilities	(118,718)	255,701
Recycling support payments payable	11,629	(165,650)
Provision for credits on levy revenue	(155,586)	-
	155,041	462,274
INVESTING ACTIVITIES		
Purchase of furniture and equipment, net	(77,587)	(25,122)
INCREASE IN CASH	77,454	437,152
CASH AND TERM DEPOSITS, beginning of year	7,138,056	6,700,904
CASH AND TERM DEPOSITS, end of year	$ 7,215,510	$ 7,138,056

MANITOBA PRODUCT STEWARDSHIP CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000 AND 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Manitoba Product Stewardship Corporation ("MPSC") was established under the Waste Reduction and Prevention Act ("WRAP") - Multi-Material Stewardship (Interim Measures) Regulations (the "Regulations") with the following objectives:

a) to establish and administer a waste reduction and prevention program for designated materials for Manitoba;
b) to provide for the effective, efficient and economical management of waste designated materials; and
c) to administer the Multi-Material WRAP Fund.

The Multi-Material WRAP Fund is an industry-operated fund which provides for, among other initiatives, recycling support payments to municipal and local governments for eligible materials recovered from residential waste and delivered to an approved recycling facility. The Fund is currently funded by collection of levies on beverage containers supplied by a steward of beverage containers (Product Steward) to be consumed in Manitoba. MPSC plans to collect levies on other designated materials in the future.

Levy Revenue and Recycling Support Payments to Municipalities

Levy revenue is charged on all non-deposit (excluding dairy) beverage containers supplied for consumption in Manitoba, subject to certain exemptions, by a Product Steward. Pursuant to the Regulations, a Product Steward is defined as the first person or business in Manitoba who, in the course of business, supplies beverages in containers to another person or business. Beverage levy revenue is recognized when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Product Stewards are eligible for credits if the beverage containers on which levies have been previously paid were supplied to consumers outside of Manitoba or if the levies were inadvertently paid by two Product Stewards on the same beverage containers. Levies are collected and credits are paid based on self-assessments as reported by Product Stewards. MPSC records beverage levy revenue, net of a provision for estimated credits.

Recycling Support Payments to Municipalities are paid to registered Manitoba municipalities based on the tonnage of eligible materials delivered to an approved recycling facility as reported by the municipalities to MPSC. MPSC records a provision for estimated recycling support payments payable to registered municipalities who have not yet filed their recycling reports.

The above-noted provisions have been determined based on the results of MPSC's periodic compliance reviews of Product Stewards as well as management's experience and industry knowledge.

MANITOBA PRODUCT STEWARDSHIP CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000 AND 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

Furniture and equipment are recorded at cost less accumulated depreciation. Depreciation is provided for by the following annual rates and methods:

Computer hardware	30%	Declining balance
Computer software	100%	Straight-line
Furniture and fixtures	20%	Declining balance

Measurement Uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND TERM DEPOSITS

Included in cash and term deposits are term deposits held in trust by the Department of Finance of the Province of Manitoba. The term deposits bear interest at 5.05 to 5.35% (1999 – 4.85%) per annum and mature on April 25, 2000 to August 15, 2000.

3. PST REBATE RECEIVABLE

The Province of Manitoba, through the Department of Environment, provides a grant to MPSC based on the provincial sales tax (PST) collected by the Province with respect to the WRAP levy on beverage containers. The PST rebate receivable is accrued based on claims filed and an estimated claim for the quarter ended March 31 of the respective year.

4. FURNITURE AND EQUIPMENT

	2000			1999
	Cost	Accumulated Depreciation	Net	Net
Computer hardware	$ 77,335	$ 47,896	$ 29,439	$ 23,675
Computer software	110,430	79,632	30,798	10,846
Furniture and fixtures	18,947	9,308	9,639	11,226
	$ 206,712	$ 136,836	$ 69,876	$ 45,747

MANITOBA PRODUCT STEWARDSHIP CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000 AND 1999

5. LEASE COMMITMENTS

MPSC rents office space and equipment under various leases which expire in 2001 through 2004 Future minimum lease payments required are as follows:

2001	$	67,626
2002	$	28,546
2003	$	21,494
2004	$	750

6. PAN AM GAMES

During fiscal 1999, the Board of Directors approved funding commitments of $250,000 for sponsorship and funding of the recycling program of the Pan Am Games. Accordingly, this amount was expensed and accrued as at March 31, 1999. During fiscal 2000 the commitment was paid.

7. LITIGATION

In 1998, MPSC was named as one of the defendants in a claim filed by Red Box Recycling Inc. relating to alleged losses suffered by it as a result of the transition from a commercial to a municipal-funded recycling program. Management believes this claim is without merit.

1999
Financial Statements

Auditors' Report

To the Board of Directors of Manitoba
Public Insurance Corporation:

We have audited the balance sheets of **Manitoba Public Insurance Corporation** as at February 29, 2000 and February 28, 1999 and the statements of operations and retained earnings and changes in cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at February 29, 2000 and February 28, 1999 and the results of its operations and the changes in its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP
Winnipeg, Manitoba
April 27, 2000

1999
Financial Statements

Statement of Operations

	Years ended February 29/28 2000 (in thousands of dollars)	1999
Revenue		
Premiums written	$ 529,694	$ 502,320
Premiums earned (Note 7)	$ 520,023	$ 495,874
Service fees	15,462	13,347
Total earned revenues	535,485	509,221
Claims Costs		
Claims incurred (Note 7)		
Current year	412,790	395,381
Prior years (Note 9)	(13,489)	(3,067)
	399,301	392,314
Claims expense	60,081	54,007
	459,382	446,321
Expenses		
Commissions	29,406	27,636
Operating	45,589	43,496
Premium taxes	15,923	15,232
Regulatory/Appeal	1,699	1,906
Road Safety	6,952	6,283
	99,569	94,553
Total claims and expenses	558,951	540,874
Underwriting loss	(23,466)	(31,653)
Investment income, net (Note 10)	74,377	71,561
Net income before the undernoted	50,911	39,908
Discontinued operations (Note 11)	517	(1,648)
Net income for the Year (Note 12)	$ 51,428	$ 38,260

1999
Financial Statements

Balance Sheet

	February 29/28 2000	 1999
	(in thousands of dollars)	
Assets		
Cash and investments (Note 4)	$ 1,056,602	$ 958,866
Due from other insurance companies	73	737
Accounts receivable	127,597	127,265
Deferred policy acquisition costs	18,345	20,611
Reinsurers' share of unearned premiums	8,744	8,768
Reinsurers' share of unpaid claims (Note 9)	36,121	33,989
Capital assets (Note 5)	20,550	22,525
Deferred development costs	15,985	14,742
	1,284,017	1,187,503
Liabilities, Basic Insurance Rate Stabilization Reserve and Retained Earnings		
Due to other insurance companies	9,047	9,125
Accounts payable and accrued liabilities	19,764	20,318
Provision for pension (Note 6)	66,491	63,427
Unearned premiums	266,604	256,509
Provision for employee benefits	16,071	12,796
Provision for unpaid claims (Note 9)	722,143	684,992
	1,100,120	1,047,167
Basic insurance rate stabilization reserve	104,893	64,379
Retained earnings	79,004	75,957
	183,897	140,336
	$1,284,017	$ 1,187,503

Approved by the Board:

Shari Decter Hirst
Chairperson

Paul Moist
Director

Statement of Retained Earnings

	Years ended February 29/28 2000	1999
	(in thousands of dollars)	
Balance beginning of year	$ 75,957	$ 79,564
Net income (loss) for the year (Note 12)	10,914	(3,607)
Repayment to the Province of Manitoba (Note 14)	(7,867)	—
Retained earnings balance end of year	**$ 79,004**	**$ 75,957**

Statement of Basic Insurance Rate Stabilization Reserve

	Years ended February 29/28 2000	1999
	(in thousands of dollars)	
Balance beginning of year	$ 64,379	$ 22,512
Net income for the year (Note 12)	40,514	41,867
Basic insurance rate stabilization reserve balance end of year	**$ 104,893**	**$ 64,379**

1999
Financial Statements

Statement of Cash Flows

	Years ended February 29/28	
	2000	1999
	(In thousands of dollars)	
Resources provided from (applied to) Operations		
Net income for the Year	$ 51,428	$ 38,260
Discontinued operations	(517)	1,648
Non-cash items:		
Amortization of capital assets and deferred development costs	9,813	8,895
Amortization of bond discount and premium	6,264	5,985
Gain on sale of investments	(68)	(1,395)
	66,920	53,393
Increase (decrease) in cash and short-term investments from discontinued operations	(1,691)	3,690
Net change in non-cash balances	54,936	50,696
	120,165	107,779
Resources provided from (applied to) Investing Activities		
Acquisition of capital assets net of proceeds from disposals	(2,784)	(4,701)
Purchase of investments	(418,287)	(377,744)
Proceeds from sale of investments	315,075	321,997
Deferred development costs incurred	(6,296)	(6,438)
	(112,292)	(66,886)
Repayment to the Province of Manitoba (Note 14)	(7,867)	0
Increase in Cash and Short-Term Investments	6	40,893
Cash and short-term investments beginning of year	66,202	25,309
Cash and Short-Term Investments end of year (Note 4)	$ 66,208	$ 66,202

Notes to Financial Statements

1. Status of the Corporation

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974, The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for basic universal compulsory automobile insurance, extension and special risk coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. Basis of Reporting

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with Canadian generally accepted accounting principles.

The actuary is appointed by the Board of Directors of the Corporation. With respect to preparation of these financial statements, the actuary is required to carry out a valuation of the policy liabilities and to report thereon to the Corporation's Board of Directors.

The actuary, in his verification of the information prepared by the Corporation used in the valuation, also uses the work of the auditors.

The external auditors are appointed by the Lieutenant Governor in Council to conduct an independent and objective audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the Corporation's policy liabilities. The auditors' report outlines the scope of their audit and their opinion.

3. Summary of Significant Accounting Policies

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Policy Acquisition Costs

Commissions and premium taxes are deferred and charged to expense over the term of the insurance contract to which such costs relate.

Investments

Investments in bonds are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the bond. Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act.

Investments in equities and other investments are carried at cost. Dividends on equity investments are recognized on an accrual basis.

Gains and losses on investments are recognized on the date of sale. Investments are written down when there is a decline in value that is considered other than temporary.

The Corporation has invested in an equity linked note that is similar to a bond instrument, except for the interest component which is indexed to the Standard & Poor's 500 Composite Stock Price Index. Any gains or losses arising from changes in the index are recorded currently in the Statement of Operations under the heading "Investment income, net".

Total Return Swaps

The Corporation invests in total return swaps as part of its investment strategy to provide limited exposure to certain equity markets. Total return swaps are financial instruments whose value is derived from an underlying financial instrument, product or index. Total return swaps are recorded at fair value at the balance sheet date and presented under the heading "Cash and investments". Any gains or losses arising from changes in fair value are recorded currently in the Statement of Operations under the heading "Investment income, net".

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight line basis which will amortize the cost of each asset over its estimated useful life:

Buildings	40 years
Equipment:	
• Data processing	3 years
• Automotive	5 years
• Other	10 years
Land improvements	25 years

Leasehold improvements are amortized over the term of the lease plus the first renewal period

Notes to
Financial Statements

Deferred Development Costs

The costs of developing major information systems which are expected to be of continuing benefit to the Corporation are deferred to future periods. These information system expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis over five years.

Pension Plan

The employees of the Corporation are subject to the Civil Service Superannuation Act. Included in the accounts is a provision for the employer's future pension liability calculated on an indexed basis. The provision for pension is actuarially determined on an annual basis using the projected benefit method prorated on services. The actuarial present value of the accrued pension benefits is measured using the Corporation's best estimates based on assumptions relating to future investment returns, salary changes, withdrawals and mortality rates. Experience gains and losses are amortized over the expected average remaining service life of the employee group.

Provision for Employee Benefits

The provision for employee benefits includes an accrual for post retirement extended health, vacation pay and severance pay.

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporation policy. The provision for severance pay is actuarially determined on an annual basis using the projected unit credit actuarial cost method which includes the Corporation's best estimates based on assumptions relating to the proportion of employees that will ultimately retire. The resulting provision is amortized over the expected average remaining service life of the employee group.

The provision for post retirement extended health benefits is actuarially determined on an annual basis using the projected unit credit actuarial cost method which includes the Corporation's best estimates based on assumptions relating to retirement ages of employees and expected health costs.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Unpaid Claims

The provision for unpaid claims represents an estimate for the full amount of all costs, including adjustment expenses, and the projected final settlements of claims incurred to the balance sheet date. These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded as incurred claims in the current period. The provision does not consider the time value of money and does not contain an explicit provision for adverse deviation except for long-term disability, income replacement and personal care claims.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claim costs. Expected future subrogation recoveries are included in the provision for unpaid claims.

Premium Deficiencies

A premium deficiency exists when future claims and related expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Premium deficiencies are recognized first by writing down the deferred policy acquisition costs with any remainder recognized as a liability.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income is allocated to the automobile insurance division lines of business and the discontinued general insurance division based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile insurance division lines of business and the discontinued general insurance division on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is not possible, expenses are prorated to each division based mainly on factors such as space, number of employees and time usage. The formulas developed for the allocation of expenses are approved by the Board of Directors

Reinsurance Ceded

Premiums, claims and expenses reported in the statement of operations are reported net of amounts due to and recoverable from reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable to policyholders

The reinsurers' share of unearned commissions is recognized as a liability in a manner which is consistent with the method used by the Corporation in determining deferred premium acquisition costs

The reinsurers' share of unearned premiums is recognized as an asset in a manner which is consistent with the method used by the Corporation in determining the unearned premium liability.

Foreign Currency Translation

Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

Basic Insurance Rate Stabilization Reserve

The basic insurance rate stabilization reserve relates to basic compulsory automobile insurance and is intended to protect motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors.

Retained Earnings

Retained earnings are comprised of the accumulation of net income or losses for the extension, special risk and discontinued lines of businesses.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. Cash and Investments

	2000		1999	
	Carrying Value	Fair Value (in thousands of dollars)	Carrying Value	Fair Value
Cash and short-term investments	$ 66,208	$ 66,208	$ 66,202	$ 66,202
Bonds				
Federal	110,750	110,693	53,105	54,437
Manitoba:				
Provincial	37,546	38,035	33,714	34,747
Municipal	95,285	100,692	93,100	102,077
Hospitals	19,040	19,052	21,087	21,087
Schools	223,647	223,647	204,274	204,274
Other Provinces	351,153	353,125	371,293	387,003
Corporation	67,764	65,683	70,857	70,465
Equity linked note	20,000	20,000	—	—
	925,185	930,927	847,430	874,090
Other	4,401	4,401	4,488	4,488
Equity investments and total return swaps	60,808	76,014	40,746	42,618
	65,209	80,415	45,234	47,106
	$1,056,602	$1,077,550	$ 958,866	$ 987,398

Fair value, for cash and short-term investments, approximate carrying value due to the short-term maturity of these financial instruments.

The fair value of bonds for federal, provincial, certain municipal, other provinces and corporations is estimated based on bid prices of these or similar investments.

The fair value of certain municipal, hospitals, school bonds and other is based on their carrying value which approximates market value.

The fair value of the equity investments is based upon quoted market values. External fund managers have been allocated a proportion of the Corporation's investment pool to invest in equity markets with an objective of generating a long term return of 1.5 per cent over the benchmark indices.

The fair value of the portfolio of total return swaps is based upon market prices of the underlying stock market indices at the balance sheet date, net of estimated unwinding costs.

Notes to
Financial Statements

Investment Risk

Investments carry certain financial risks including interest rate, cash flow and credit risk. The Corporation manages these risks through the Investment Committee of the Board, which meets quarterly to discuss strategy. The investment objectives and goals of the Corporation are embodied in an Investment Policy document, which sets target asset allocation and portfolio concentration limits as well as defining the credit quality of the counterparties and the percentage of highly liquid investments required to meet cash flow needs. Credit risk is also managed through the use of master netting agreements in all total return swap contracts. Such agreements provide for the simultaneous close-out and netting of transactions with a counterparty in the event of default.

Significant terms and conditions, exposure to interest rate and credit risks on investments are:

i) Cash and short-term investments

Included in cash and short-term investments are funds held in trust on behalf of other insurance companies in the amount of $2,646,000 (1999 - $4,217,000).

Short-term investments have a total principal amount of $64,430,000 (1999 - $70,417,000) comprised of provincial short-term deposits with effective interest rates of 4.90% to 5.06% (1999 - 4.80% to 5.03%), with interest receivable at varying dates.

ii) Bonds - interest rate risk

		2000		1999	
	Interest Receivable Basis	Effective Rate	Coupon Rate	Effective Rate	Coupon Rate
		% Range		% Range	
Federal	semi-annual	5.85 to 6.29	6.50 to 10.00	4.98 to 8.17	7.25 to 10.00
Provincial	semi-annual	5.66 to 9.26	4.75 to 11.25	4.57 to 10.50	5.50 to 11.25
Municipal	semi-annual	5.69 to 17.43	6.00 to 18.50	5.54 to 18.50	6.25 to 18.50
Hospitals	semi-annual	9.92 to 15.78	10.13 to 16.00	9.02 to 15.75	10.13 to 16.00
Schools	semi-annual	5.66 to 14.12	5.75 to 14.75	5.88 to 14.75	5.88 to 14.75
Corporations	semi-annual	5.66 to 6.85	5.25 to 9.65	5.08 to 6.05	5.20 to 9.65

The Corporation has allocated investments with an average yield of 10.6% (1999 - 10.6%) to maturity to fully fund pre-March 1, 1994 discounted unpaid claims of approximately $32.6 million.

iii) Bonds - maturity profile

	2000			
	Within One Year	After One Year to Five Years	After Five Years	Total Carrying Value
	(in thousands of dollars)			
Federal	$ 9,488	$ 85,080	$ 16,182	$ 110,750
Manitoba:				
Provincial	11,566	6,515	19,465	37,546
Municipal	15,118	35,065	45,102	95,285
Hospitals	179	3,298	15,563	19,040
Schools	—	8,706	214,941	223,647
Other Provinces	23,196	92,288	235,669	351,153
Corporations	8,986	18,630	40,148	67,764
	68,533	249,582	587,070	905,185
Equity Linked Note Provincial			20,000	20,000
	$ 68,533	$ 249,582	$ 607,070	$ 925,185

	1999			
	Within One Year	After One Year to Five Years	After Five Years	Total Carrying Value
	(in thousands of dollars)			
Federal	$ 5,728	$ 47,377	$ —	$ 53,105
Manitoba:				
Provincial	9,389	15,936	8,389	33,714
Municipal	305	48,870	43,925	93,100
Hospitals	197	3,789	17,101	21,087
Schools	—	3,451	200,823	204,274
Other Provinces	15,025	89,688	266,580	371,293
Corporations	10,658	22,842	37,357	70,857
	$ 41,302	$ 231,953	$ 574,175	$ 847,430

Total Return Swaps

In the normal course of operations, the Corporation enters into total return swaps to provide a return based upon an underlying Canadian and/or USA equity index. The agreements provide that, at predetermined future dates, the Corporation pays a fixed interest amount based upon a notional principal amount and receives a return based upon the underlying equity index.

The notional amounts of total return swaps are not recorded as assets or liabilities on the balance sheet as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged under the contracts. Notional amounts represent the volume of outstanding transactions and do not represent the potential gain or loss associated with market risk or credit risk of such instruments.

At February 29, 2000 the notional amount of total return swaps was $27,960,000 (1999 - $34,473,000). All total return swaps have a residual term to contractual maturity of one year or less.

5. Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
	(in thousands of dollars)			
Land	$ 1,687	$ —	$ 1,687	$ 1,684
Land improvements	2,766	1,013	1,753	1,783
Buildings	16,776	6,486	10,290	10,261
Equipment	32,886	26,174	6,712	8,527
	54,115	33,673	20,442	22,255
Leasehold improvements	1,527	1,419	108	270
	$ 55,642	$ 35,092	$ 20,550	$ 22,525

6. Provision for Pension

The actuarial present value of accrued pension benefits is $55.6 million (1999 - $52.0 million) resulting in an unamortized experience gain of $10.9 million (1999 - $11.4 million)

Notes to
Financial Statements

7. Reinsurance

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at February 29, 2000, these reinsurance agreements limit the Corporation's exposure to a maximum amount of $1.0 million (1999 - $1.0 million) on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $5.0 million (1999 - $5.0 million). These arrangements protect the Corporation against losses up to $200.0 million (1999 - $200.0 million).

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

The Corporation evaluates the financial condition of its reinsurers to minimize the exposure to significant losses from reinsurer insolvency.

The figures shown in the statement of operations excluding discontinued operations, are net of the following amounts relating to reinsurance ceded to other companies:

	2000	1999
	(in thousands of dollars)	
Premiums earned	$ 10,748	$ 11,850
Claims incurred	$ 4,390	$ 1,751

The Corporation holds collateral in regards to unregistered reinsurance in the form of amounts on deposit and letters of credit of $4.1 million (1999 - $3.1 million).

8. Operating Lease Commitments

The Corporation is committed to make payments during the next eight years on buildings and equipment leased for periods of more than one year. The aggregate annual rental of approximately $3.4 million represents the commitments under the leases, which expire at varying dates to February, 2008.

9. Provision for Unpaid Claims

The provision for unpaid claims, including adjustment expenses, represents an estimate for the full amount of all costs and the projected final settlement of claims incurred.

The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

The provision for unpaid claims, including adjustment expenses, by major claims category includes:

	2000		1999	
	Gross	Reinsurers' Share	Gross	Reinsurers' Share
	(in thousands of dollars)			
Automobile Insurance Division				
Liability	$ 652,441	$ 35,820	$ 604,555	$ 31,882
Physical Damage	55,791	—	64,814	1,730
	708,232	35,820	669,369	33,612
Discontinued Operations				
Personal/Commercial	9,793	301	10,494	377
Reinsurance Assumed	4,118		5,129	
	13,911	301	15,623	377
	$ 722,143	$ 36,121	$ 684,992	$ 33,989

The provision for unpaid claims includes $323.3 million (1999 - $265.1 million) in unpaid long term disability claims, income replacement and personal care claims. This provision is discounted to reflect the time value of money using an interest rate of 3% for three years and 2% thereafter for Personal Injury Protection Plan claims and 8% for 11 years and 5% thereafter for pre-Personal Injury Protection Plan claims.

Net claims incurred and adjustment expenses include losses relating to catastrophes of $0.8 million during the current fiscal year (1999 - Nil). Catastrophes are an inherent risk to the Corporation and may contribute materially to the year-to-year fluctuations in the Corporation's results of operations and financial condition when they occur.

Unpaid claim liabilities are carried at a value which reflect their remaining estimated ultimate costs for all accident years.

Changes in the estimate of net unpaid claims, for the Automobile Insurance Division, recognized during the fiscal year ended February 29, 2000 for prior years are:

	Accident Years				
	1999	1998	1997	1996 and Prior	Total
	(in thousands of dollars)				
Net unpaid claims (valuation estimate as at February 28, 1999)	$ 201,227	$104,098	$ 64,283	$266,150	
Net payments for the year	60,387	12,129	6,201	55,276	
	140,840	91,969	58,082	210,874	
Net unpaid claims (revised valuation estimate as at February 29, 2000)	103,497	84,370	57,805	242,604	
(Redundancy) Deficiency	$ (37,343)	$ (7,599)	$ (277)	$ 31,730	$ (13,489)
Prior years (redundancy) deficiency		$(25,860)	$ (3,440)	$ 26,233	$ (3,067)

The claims settlement processes may involve the use of structured settlements, which are purchased through various financial institutions. As of the balance sheet date, the present value of expected payments total $74.4 million (1999 - $68.8 million) based on various dates of purchase. The Corporation assumes a financial guarantee to make payments to claimants in the event that financial institutions default on payments under the terms of the structured settlement.

Changes in the estimate of net unpaid claims, for discontinued operations, recognized during the fiscal year ended February 29, 2000 are $625,000 (1999 - $2,200,000). All of the net unpaid claims relate to loss dates prior to October 1, 1990.

10. Investment Income

	2000	1999
	(in thousands of dollars)	
Total investment income	$ 77,177	$ 74,317
Less allocation to:		
Discontinued Operations	165	396
Provision for pension	2,635	2,360
Investment income, net	$ 74,377	$ 71,561

11. Discontinued General Insurance Operations

The Corporation discontinued writing reinsurance assumed business effective November 18, 1987 and personal and commercial insurance policies effective October 1, 1990. Claims costs and expenses on discontinued operations will be incurred until all claims on existing treaties and policies are settled. Discontinued operations resulted in a net income of $0.5 million in 2000 (net loss of $1.6 million in 1999). Included in the provision for unpaid claims is $13,911,000 (1999 - $15,623,000) relating to discontinued operations.

Notes to
Financial Statements

12. Net Income for the Year

The net income (loss) for the year by line of business is:

	2000	1999
	(in thousands of dollars)	
Basic insurance	$ 40,514	$ 41,867
Extension insurance	(3,781)	(9,503)
Special risk extension	14,178	7,544
Discontinued operations	517	(1,648)
	10,914	(3,607)
Net income for the year	$ 51,428	$ 38,260

13. Fair Value Disclosure

The fair value of financial assets and liabilities, other than cash and investments (note 4) and provision for unpaid claims (note 9) approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

14. Repayment to the Province of Manitoba

The Province of Manitoba, in the Appropriation Act, 1988, authorized the funding of the October 31, 1987 deficit of the General Insurance Division's Personal and Commercial operations in the amount of $26,867,000 with no obligation for repayment by the Corporation. On March 31, 1994, the Corporation repaid $19,000,000 and on March 9, 1999 the remaining $7,867,000 was repaid to the Province of Manitoba.

15. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year financial statement presentation.

Auditors' Report

To the Workers Compensation Board of Manitoba

We have audited the balance sheet of the Workers Compensation Board of Manitoba as at December 31, 1999 and the statements of operations and accident fund balance and cash flows for the year then ended. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the board as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Winnipeg, Manitoba
February 18, 2000

Balance Sheet

December 31, 1999

	1999 ($000s)	1998 ($000s)
Assets		
Cash (Note 3)	$ (1,210)	$ 21,538
Receivables (Note 4)	20,823	21,445
Investment portfolio (Note 5)	677,312	641,186
Deferred assessments	26,805	31,577
Capital assets (Note 6)	13,493	13,765
	$ 737,223	$ 729,511
Liabilities and Fund Balances		
Payables and accrued liabilities (Note 7)	$ 9,664	$ 8,419
Benefit liabilities (Note 8)	650,437	652,474
Total liabilities	660,101	660,893
Rate stabilization fund balance (Note 9)	57,104	48,600
Accident fund balance (Note 9)	20,018	20,018
	$ 737,223	$ 729,511

Signed on behalf of the Board

Wally Fox-Decent.

Wally Fox-Decent
Chairperson, Board of Directors

Bruce Leckie
Finance Committee of the Board of Directors

The accompanying notes are an integral part of the financial statements.

Statement of Operations and Accident Fund Balance

Year Ended December 31, 1999

	1999 ($000s)	1998 ($000s)
REVENUE		
Premiums - Class E employers	$ 110,328	$ 137,007
Premiums - Self-insured employers	18,824	14,889
Total premium revenue	129,152	151,896
Investment income required to support actuarially determined benefit liabilities (Note 5)	48,333	44,794
Investment income exceeding actuarial requirement (Note 5)	13,500	19,900
Investment income	61,833	64,694
Total revenue	190,985	216,590
EXPENSES		
Claim costs incurred (Note 8)	135,264	173,099
Administration (Note 10)	35,386	31,854
Community initiatives and research program grants (Note 11)	1,000	987
Appeal Commission	950	1,022
Workplace Safety and Health, and other (Note 12)	5,109	5,109
Total operating expenses	42,445	38,972
Total expenses	177,709	212,071
Operating surplus before deferred assessments	13,276	4,519
Increase (decrease) in deferred assessments	(4,772)	10,230
OPERATING SURPLUS	8,504	14,749
Transfer to rate stabilization fund balance	(8,504)	(10,000)
Increase in accident fund balance	0	4,749
Accident fund balance, beginning of year	20,018	15,269
ACCIDENT FUND BALANCE, end of year	$ 20,018	$ 20,018

Statement of Cash Flows

Year Ended December 31, 1999

	1999 ($000s)	1998 ($000s)
OPERATING CASH FLOWS		
Premiums from employers	$ 129,773	$ 139,439
Investment revenue	26,138	32,539
Payments to claimants or third parties on their behalf	(137,301)	(114,913)
Purchases of administrative goods and services	(36,953)	(35,694)
Net cash provided (used) by operating activities	(18,343)	21,371
INVESTING CASH FLOWS		
Proceeds on disposal of investments	1,102,002	1,521,014
Purchase of investments	(1,102,432)	(1,555,519)
Capital asset acquisitions, net of disposals	(3,975)	(4,244)
Net cash used by investing activities	(4,405)	(38,749)
Net decrease in cash	(22,748)	(17,378)
Cash, beginning of year	21,538	38,916
Cash, end of year (Note 3)	$ (1,210)	$ 21,538

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

Year Ended December 31, 1999

1. Nature of Operations

The Workers Compensation Board of Manitoba (the board) operates under the authority of the Workers Compensation Act (R.S.M. 1987, Chapter W200). The board is responsible, in accordance with the provisions of the Act for:

- administering payments to injured workers and suppliers of services to injured workers;
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and
- investing surplus funds.

The board may also levy special assessments when considered appropriate. An independent Workers Compensation Appeal Commission is established under the Act to make final rulings on any appeals pertaining to the board's assessment or benefits decisions.

The board's mission is to provide superior compensation services to Manitoba workers and employers in a manner that is sensitive, responsive and effective in order to minimize the impact of workplace injuries.

The board's funding policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the Act and that annual influences do not unduly distort the funding process. The board is committed to operate on a fully-funded basis to a level-funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level fashion over the worker's period of exposure to the elements which lead to the injury or disease.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which require the board to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The board's significant accounting policies are as follows:

Investments

Short-term investments are carried at cost. The remaining investments are recorded at cost adjusted toward market value using the moving average market method. Unrealized and realized gains and losses are deferred and amortized on a straightline basis over 60 months. Interest and dividend income are recognized in the period earned.

Deferred Assessments

Deferred assessments represent the board's estimate of premiums which will be received in the future from the self-insured employers to fund the future costs of existing claims that have arisen from their employees. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	3 - 5 years
Systems development	3 - 5 years
Furniture, fixtures and equipment	5 years
Building renovations	10 years
Building	40 years

Benefit liabilities

The board's independent consulting actuary conducts a review of and reports on the benefit liabilities of the board at each year-end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims and provisions for the future expenses of administering the existing claims. The figures are estimates made from current information in accordance with procedures prescribed by the Canadian Institute of Actuaries.

Foreign currency translation

Assets and liabilities, with the exception of investments, denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The foreign currency exchange gains and losses for investments are recorded in the same manner as the related investment gains, losses, revenues or expenses.

Premium revenue

The operations of the board are categorized, in accordance with the Act, into Class E (general employers pool) and several classes of self-insured employers. Employers registered within Class E are subject to collective liability, and assessment premiums are determined by applying applicable industry assessment rates to the employers' reported payroll for the current year.

Self-insured employers, principally government bodies and railways and their subsidiaries, are subject to individual responsibility for allocated claim costs attributable to claims arising from their employees. Self-insured premiums are billed by the board for claim costs incurred and administration expenses incurred on behalf of the self-insured employers.

3. Cash

Cash consists of:

	1999 ($000s)	1998 ($000s)
Money market instruments	$ 102	$ 23,727
Bank balances	959	(255)
Cheques issued and outstanding	(2,271)	(1,934)
	$ (1,210)	$ 21,538

The board has established an operating line of credit with its principal banker in the amount of $6,000,000. Advances on the line of credit bear interest at the bank's prime interest rate. The board has also established a revolving credit facility with the Treasury Division of the Province of Manitoba in the amount of $40,000,000. Loan advances bear interest at the Province's preferred lending rate. Both credit facilities are unsecured.

4. Receivables

Premiums for Class E employers	$ 15,957	$ 18,191
Allowance for doubtful accounts	(1,690)	(2,451)
	14,267	15,740
Premiums for self-insured employers	2,220	2,234
Mortgages	2,294	1,200
Sundry	2,042	2,271
	$ 20,823	$ 21,445

Mortgages receivable bear interest at rates ranging from 3.6% to 7.0% per annum and are due in 2000 and 2003.

5. Investment Portfolio

The book value and the estimated fair value of the investments are:

	1999				1998			
	Book Value ($000s)	Estimated Fair Value ($000s)	Average Term to Maturity (years)	Rate of Return*	Book Value ($000s)	Estimated Fair Value ($000s)	Average Term to Maturity (years)	Rate of Return
Cash and short-term investments	$55,699	$55,699	0.1	4.8%	$82,507	$82,316	0.1	5.0%
Bonds								
Government of Canada	160,853	151,599	-	-	232,841	235,720	-	-
Provincial	94,772	88,499	-	-	52,924	53,442	-	-
Corporate	78,078	74,636	-	-	35,670	36,029	-	-
	333,703	314,734	8.9	(2.4%)	321,435	325,191	10.4	9.4%
Mortgages	9,555	9,664	3.4	6.8%	9,633	9,861	3.7	10.3%
Real estate	7,568	7,786	-	10.8%	10,574	11,259	-	12.0%
Equities								
Canadian	155,376	154,452	-	11.6%	169,779	157,730	-	1.1%
U.S.	46,135	45,241	-	7.9%	12,139	8,316	-	(4.5%)
EAFE **	126,692	173,467	-	33.5%	113,619	129,905	-	23.6%
Emerging markets	4,810	5,832	-	47.5%	10,894	8,319	-	(26.2%)
	333,013	378,992	-	21.6%	306,431	304,270	-	9.8%
Total	739,538	$766,875	-	8.9%	730,580	$ 732,897	-	8.0%
Deferred realized gains	(62,226)				(89,394)			
Net book value of investments	$677,312				$641,186			

*Rate of Return: the annual time weighted rate of return on a marked-to-market basis.

** Europe, Australia and Far East

Reconciliations of the changes for the year in the deferred unrealized and realized gains (losses) balances are as follows:

	1999 ($000s)	1998 ($000s)
Deferred Unrealized Gains (Losses)		
Balance, beginning of year	$ 2,317	$ 23,399
Unrealized net gains (losses) for the year	32,694	(13,570)
	35,011	9,829
Amortization during year	(7,674)	(7,512)
Balance, end of year	$ 27,337	$ 2,317
Deferred Realized Gains		
Balance, beginning of year	$ 89,394	$ 76,616
Realized net gains for the year	853	37,749
	90,247	114,365
Amortization during year	(28,021)	(24,971)
Balance, end of year	$ 62,226	$ 89,394

Investment Income

Investment income was derived from the following sources:

	1999	1998
Cash and short-term investments	$ 2,975	$ 5,227
Bonds	20,886	20,460
Mortgages	740	1,292
Real estate	1,555	699
Canadian equities	699	5,133
Foreign equities	1,731	1,962
Amortization of deferred unrealized gains	7,674	7,512
Amortization of deferred realized gains	28,021	24,971
Loan interest	(208)	-
Expenses	(2,240)	(2,562)
Investment income	$ 61,833	$ 64,694

Based on the 7% discount rate used to actuarially determine the benefit liabilities, the required investment return on average investment assets is $48,333,000 (1998 - $44,794,000). Total investment income of $61,833,000 (1998 - $64,694,000) exceeded the actuarial requirement by $13,500,000 (1998 - $19,900,000). The analysis of investment income presented in the statement of operations and accident fund balance has been disclosed for informational purposes. This provides a comparison of the return on investments required to support benefit liabilities and the excess of actual returns over this amount.

Market risk

The board invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The board does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Over 95% of the fixed income assets in the investment portfolio have at least an A credit rating. The board does not anticipate that any borrowers will fail to meet their obligations.

Securities lending

The board may lend, for fee income, any of its investments to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105% of the market amount of the investment instruments borrowed. As of December 31, 1999 secured loans amounted to $63,628,000 (1998 - $14,600,000).

Foreign exchange risk management

The board has certain investments denominated in foreign currencies. During 1999 the board did not undertake hedging strategies for the currency risk of foreign investments, and currency fluctuations influenced short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio.

Interest rate risk management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The table at the beginning of this note discloses the remaining term to maturity of the board's fixed term investments.

6. Capital Assets

	Cost ($000s)	Accumulated Amortization ($000s)	1999 Net Book Value ($000s)	1998 Net Book Value ($000s)
Computer equipment	$ 8,449	$ 4,103	$ 4,346	$ 3,726
Systems development	5,617	4,178	1,439	1,880
Furniture, fixtures and equipment	5,308	5,015	293	952
Building renovations	2,964	491	2,473	2,335
Building and land	5,017	75	4,942	4,872
	$ 27,355	$ 13,862	$ 13,493	$ 13,765

7. Payables and Accrued Liabilities

	1999 ($000s)	1998 ($000s)
Accounts payable and accrued liabilities	$ 3,650	$ 3,431
Claimant annuities payable	2,258	1,569
Community initiatives and research program grants	1,521	1,584
Deposits from self-insured employers	1,243	1,263
Other payables	992	572
	$ 9,664	$ 8,419

8. Benefit Liabilities

An analysis of the components of and changes in benefit liabilities is as follows:

	1999						1998
($000s)	Short-Term Disability	Long-Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance, beginning of year	$ 66,767	$349,440	$165,036	$50,552	$20,679	$652,474	$594,288
Add: Claim costs incurred							
Current year	60,226	5,608	6,928	28,353	4,339	105,454	129,603
Prior years	(16,067)	29,221	14,436	2,504	(284)	29,810	43,496
	44,159	34,829	21,364	30,857	4,055	135,264	173,099
Less: Claim payments made							
Current year	21,024	508	467	11,017	37	33,053	30,812
Prior years	18,342	40,228	28,544	14,297	2,837	104,248	84,101
	39,366	40,736	29,011	25,314	2,874	137,301	114,913
Balance, end of year	$ 71,560	$343,533	$157,389	$56,095	$ 21,860	$650,437	$652,474

The liability for short-term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long-term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, and estimated future pension payments. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace accidents. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are supplied externally to the board.

In 1998, the board made a provision, in the amount of $27,600,000, for the expected liability regarding the re-instatement of survivor benefits previously discontinued, as a result of remarriage. In 1999, the board added a further $11,100,000 to the expected liability and made payments in the amount of approximately $16,000,000 to the surviving spouses.

Included in long-term disability is the board's liability, in the amount of $67,946,000 (1998 - $69,732,000) for the future cost of claims relating to certain latent occupational diseases which may have occurred in the current year or prior years, but which may not be recognized and reported for a number of years due to the extended latency periods of such diseases. This includes the expected future cost of administering these claims.

Also included in benefit liabilities is a provision in the amount of $40,989,000 (1998 - $43,665,000) for the future cost of administering existing claims.

The actuarial present value of future benefit payments reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

9. Fund Balances

The rate stabilization fund balance protects the board from the risk that a catastrophic event, causing either an increase in the value of the liabilities or a decrease in the value of assets, could unfairly burden Class E employers and potentially cause the accident fund balance to become unfunded or prompt the board to consider exceptional increases in assessment rates.

The accident fund balance protects the board and its stakeholders from general business risks and is collectively attributable to the Class E employers.

10. Administration Expenses

	1999 ($000s)	**1998 ($000s)**
Salaries, employee benefits and training	$ 22,628	$ 21,097
Information technology service fees	2,691	2,720
Office supplies and services	1,351	1,204
Communications	1,168	1,556
Occupancy costs	1,448	1,652
Amortization of capital assets	4,247	2,825
Professional fees	2,365	1,145
Grants	106	380
	36,004	32,579
Recoveries from:		
The Government of Canada	502	493
The Province of Manitoba	116	232
Total recoveries	618	725
Administration expenses, net	$ 35,386	$ 31,854

Of the net administration expenses (along with Appeal Commission costs, community initiatives and research program grants, and Workplace Safety and Health costs), $3,413,000 is allocated to the self-insured employers based on the current year's transaction volumes.

The board administers the Government Employees Compensation Act program for the Government of Canada. Until June 30, 1999, the board fully administered The Criminal Injuries Compensation Act for the Province of Manitoba. As of July 1, 1999, the board provides administrative assistance, relating to medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The operation of these programs is reflected only to the extent of the recoveries of administration expenses.

11. Community Initiatives and Research Program Grants

During 1999, the board approved 9 grants to fund research and education projects, totalling $1,000,000, that will benefit both injured workers and employers (1998 - 18 grants totalling $986,864).

12. Related Party Transactions

Pursuant to The Workplace Safety and Health Act, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the class funds under The Workers Compensation Act. For 1999, the amount charged to operations under this provision is $4,343,000 (1998 - $4,343,000).

Also, under Section 84.(1) of The Workers Compensation Act, the Province may pay the costs incurred in respect of worker advisors and may recover them from the class funds. For 1999, the amount charged to operations under this provision is $766,000 (1998 - $766,000).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the board may be considered related. The provincial government is also a self-insured employer under The Workers Compensation Act. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

Included in the board's investment portfolio are guaranteed debentures issued by the Province of Manitoba, in the amount of $22,225,000 (1998 - $12,581,000).

13. Employee Pension Plan

The board maintains a defined benefit pension plan for its employees which provides pensions based on length of service and highest average earnings.

The most recent actuarial valuation of the plan was completed as at December 31, 1997. At December 31, 1999 the estimated present value of accrued pension benefits amounts to $35,315,000 (1998- $32,130,000) and the market value of pension fund assets to provide for these benefits is $38,689,000 (1998 - $33,896,000), resulting in a plan surplus of $3,374,000 (1998 - $1,766,000).

14. Benefit Liabilities for Self-Insured Employers

Note 8 contains a complete description of the components of the board's benefit liabilities for all employers. An analysis of the portion relating to the self-insured employers is as follows:

	1999						1998
($000s)	**Short-Term Disability**	**Long-Term Disability**	**Survivor Benefits**	**Healthcare Benefits**	**Rehabilitation Services**	**Total**	**Total**
Balance, beginning of year	$5,981	$38,703	$28,854	$6,249	$1,871	$81,658	$ 70,311
Add: Claim costs incurred							
Current year	5,703	362	774	4,051	375	11,265	17,790
Prior years	(931)	2,923	2,154	75	(45)	4,176	8,820
	4,772	3,285	2,928	4,126	330	15,441	26,610
Less: Claim payments made							
Current year	2,312	35	39	1,313	1	3,700	3,430
Prior years	2,116	5,280	3,808	2,174	383	13,761	11,833
	4,428	5,315	3,847	3,487	384	17,461	15,263
Balance, end of year	$6,325	$36,673	$27,935	$6,888	$1,817	$79,638	$ 81,658

Included in the premiums and claim costs are payments in the amount of $2,077,000 (1998 - $2,086,000) made by self-insured employers directly to claimants on the board's behalf. These amounts are reported to the board for inclusion in these financial statements.

Included in the benefit liabilities balance is $7,196,000 (1998 - $7,385,000) for the self-insured employers' share of the long latent occupational disease liability, inclusive of related administration costs; $1,259,000 (1998 – $1,600,000) for future benefits for surviving spouses whose benefits had previously been terminated upon remarriage; and $3,890,000 (1998 - $4,362,000) for the future cost of administering existing claims.